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Culture and Organisation in Hong Kong :
A Multi-level Investigation

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Ph.D Thesis

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Abstract

This thesis examines culture and organisation in Hong Kong and is unique in both conceptualising and operationalising research into culture as a 'multidimensional' and 'multi-level' phenomenon. It follows from an assumption, derived from the review of literature in the field, that multi-dimensional / multi-level conceptualisation and operationalisation is the principal agenda for the furtherance of studies involving culture. Multi-dimensional conceptualisations assume a very complex interrelationship between different levels of culture and a variety of interrelated indicators within each level. They also assume that the cultural domain of 'ideas' and the domain of political and economic 'interests' are co-determined, co-evolving and only theoretically distinguishable.

Culture is defined in this context, as a dualism of macro-level structure and micro-level agency within an 'ideational' domain. The ideational domain, as one half of human experience, is assumed to be complemented by a corresponding dualism of structure and agency within a domain of 'interests' (Archer:1996). The interpretation of culture as a complex phenomenon manifested at different levels therefore, corresponds to Archer's (1996) morphogenic 'open systems' approach to culture and agency involving micro-level processes of socio-cultural integration along with macro-level cultural or 'ideational' structure.

Lessem (1989,1990) and Lessem and Neubauer's (1994) metaphor of a tree, which is consonant with Archer's (1996) morphogenic systems approach, is used as a framework to facilitate the discussion around this multi-level approach. The tree metaphor as used in this thesis, emphasises that culture has 'roots' (which can be perceived by proxy through the value systems within a culture), connected to a 'trunk' and 'branches' (which represent the institutions and ideologies) and produces 'leaves' (representing everyday attitudes and behaviour of 'cultural agents'). Like a tree with its roots, trunk, branches and leaves the values, institutions, ideologies and everyday attitudes and behaviours are manifestations of the same cultural 'DNA' and so, although they are outwardly different in form, they are of common origin. From this perspective, therefore, values, institutions, ideologies, everyday attitudes and behaviours are all cultural concomitants and determinants.

Different levels of culture appear to lend themselves to different epistemologies and methodologies. Any (desirable) attempt to establish connections between levels must refute the doctrine of paradigm incommensurability and adopt one (or a combination of more than one) of the alternative 'paradigm crossing' metatheoretical assumptions. Paradigm crossing involves recognising and engaging multiple paradigms. The 'roots' are examined using the functionalist approach of Hofstede (1980) and, subsequently, the 'trunk, branches and leaves' through a more interpretivist approach which uses a Critical Incident Analysis.

The adoption of the resulting holistic approach has considerable benefits resulting from synergy's gained from paradigm crossing. Culture has been examined by many disciplines within social science but the tendency has been to focus on discrete components of the cultural 'tree' and little attempt has been made to synthesise the various 'subjective' approaches into a more 'intersubjective' whole. This thesis remedies that deficiency in the context of Hong Kong and describes the Hong Kong cultural tree and some of the connections between its components through the identification of consistencies between the different studies at the levels of roots, trunk and branches, and leaves.

The 'roots' or ideational structures at the 'suprasystem' of Hong Kong culture are examined using Hofstede's (1980) 4-D study, which is replicated in Hong Kong and the UK to determine its contemporary validity and to provide a perspective upon the 'structure of ideas' in Hong Kong. Hofstede's model is adopted, along with its limitations, as an appropriate perspective of the roots of Hong Kong culture. The value system of Hong Kong is used, in Archer's (1996) terms, as a vehicle to gauge the macro-level 'structure of ideas' for subsequent identification of consistencies between this ideational structure and the micro-level processes of socio-cultural integration amongst cultural agents at the 'leaves' of the cultural tree. The results of the replication show relative stability in values as defined by Hofstede and the affect is to validate Hofstede's model as a foundation for characterising 'root' values. Other models and contributions are also reviewed and criticisms of Hofstede's approach are examined. The overall result is to confirm a distinctive 'root' system of values in Hong Kong which is manifestly different to Western value-systems and ideational structures. The results specifically show that the cultural values (represented as dimensions of High PDI, Low IDV, Moderately High MAS) identified by Hofstede appear stable relative to the scores for the UK. Bond's (1987) Study identifying Confucian Dynamism as a 'fifth' Chinese dimension of phenomenological values is recognised as highly relevant but is not replicated here as Bond's study is more recent than Hofstede's study and its contemporary relevance can, therefore, be assumed.

The 'trunk and branches' of Hong Kong's institutions and ideologies are examined through deductive reasoning and theoretical model-building. The management consequences of Hong Kong's distinctive value-system are discussed with particular emphasis on the structural implication that these values favour 'networks' as the normative structure. This is investigated further by the development of a theoretical framework which describes how values, institutionalised networks and psychological / behavioural outcomes which enable 'sense-making' are theoretically consistent and interconnected.

The results of the Hofstede replication are then used to inform on and provide inputs for a more interpretive approach involving Critical Incident Analysis in order to examine the 'trunk, branches and leaves' to complement the prior functionalist examination of the roots. The critical incidents study employs a methodology within the transition zone bridging between functionalism and interpretivism. In terms of metatheoretical assumptions the overall approach constitutes a hybridised "sequential bridging". This is achieved within the institutional context of network analysis using research cases to examine the *theoretical* validity of multi-level models such as proposed by Archer (1996) and Lessem and Neubauer (1994).

The Critical Incident Study reveals connections and consistencies between Hofstede / Bond's value dimensions (representing *part* of the ideational structures or 'roots' of HK culture) and the everyday attitudes, attributes, schemata, typifications and symbols permeating everyday interaction and behaviour of social actors. Hong Kong retains, at the core, traditional values which make it a long-term 'relationship' oriented rather than a short term 'transactional' culture. This is reflected in attitudes and attributions valuing trust, reciprocity, reputation and honour as key to success of both individual actors and the effectiveness of the family business networks within which they operate. These 'leaves' of everyday attitudes and behaviour are shown to be consistent within the 'trunk and branch' structure of a networked society and to be

influenced by the 'roots' of collective, co-operative, traditional and neo-Confucian values and underlying philosophies.

The findings are the product of the examination of a proposition rather than a hypothesis since the examination of culture as a complex, multi-level phenomenon is consonant with analytical generalisation rather than statistical generalisation. The proposition is that a multi-level investigation, using different techniques for each level as required, is the most appropriate approach to explaining the complexities of culture. The resulting inferences demonstrate a logical consistency between the different levels of culture and the consequent contribution to knowledge through an improvement in understanding of the *gestalt* of cultural influences upon Hong Kong organisation.

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Sid Lowe
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Culture and Organisation in Hong Kong : **A Multi-level Investigation**

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GLOSSARY

Agency	synonym for 'action'
Constitutive	determined by the arrangement of constituent elements
Determinism	an explanation of a phenomenon in terms of simple causation
Emic-ideographic	unique and specific perceptions of the observed subject
Epistemology	philosophy of knowledge- how we 'know'
Ethnoscience	cognitive anthropology
Etic-nomothetic	general and comparable 'law-like' perceptions of the observed subject
Face	collective social control and status through shame and recognition
Gemeinschaft	traditional, homogeneous and regulated community
Gesellschaft	urban, modern, industrialised society
Genotype	core, etic, universal intentions of an action
Gestalt	holistic alternative to empirical theories of perception \ knowledge
Guanxi	Chinese 'connections' or relationships
Hermeneutical	historical understanding of the social \ cultural whole and its parts in order to reach an understanding of the objectifications of the mind.
Holistic	patterns forming a coherent whole
Ideational	concerning the mental domain of 'ideas'
Micro-level	concerning action, interaction and the construction of meaning
Macro-level	concerning wider structures, institutions and processes
Nominalist	assuming a dubious ontological status to 'reality'
Ontology	an inventory of kinds of being and their relations
Phenotype	emic expression of an action in local cultural contexts
Positivist	epistemology of systematic observation and experiment
Realism	ontology of contrasting reality as perceived through the mind from an eternal reality independent of the mind
Reductionism	reduction of complex phenomena to primary or basic explanation
Structuration	social ontology of the co-evolution of structure and action
Voluntarism	assumption of free will in that individuals are agents of their actions

Culture and Organisation in Hong Kong : **A Multi-level Investigation**

Part 1: *Introduction to Study and Literature Review*

CHAPTER 1 : INTRODUCTION

1.1 BACKGROUND

Having completed a degree in Business Studies in 1979 and a postgraduate course in Marketing in 1981 I found myself, more by accident than design, in a job managing a group of vocational training schools in Hong Kong in 1982. This Hong Kong Chinese owned family business, specialising in the provision of English Language and other vocational training courses to Hong Kong Chinese adults became very successful. During my career there it became obvious that the management education I had received in a British university was of limited validity in the very different cultural environment of Hong Kong. On returning to England in 1988, I entered into an academic career and elected to pursue a doctorate. My overseas experience had stimulated an interest in culture as an important and interesting subject area to examine and this thesis is the product of that endeavour.

The significance of culture

Impressive economic growth in The Pacific Rim has coincided with a growth in the application of the concept of 'culture' to organisations, management and economic development. Despite recent economic crises, some Eastern

economies, like Japan and Hong Kong, have experienced decades of high growth in comparison to some Western economies, like the U.K., which has been *relatively* stagnant (Hofstede and Bond: 1988). This is evidenced by the fact that between 1965 and 1990 the East Asian economies had a faster growth rate than all other regions of the world (World Bank:1993).

Culture, as a partial explanation of these differences in economic growth, has become an influence worthy of closer examination. Initially, the success of Japanese industry prompted studies like Theory Z (Ouchi : 1981) ascribing economic success to social policies and management methods originating in Japanese culture. More recently the Overseas Chinese have come under scrutiny in order to identify cultural reasons for the phenomenal success of Hong Kong, Taiwan and Singapore. This is not to say that culture can be *the* single determinant of economic growth but in relation to Hong Kong and other Overseas Chinese societies it has been argued that economic success is at least partly due to the economic and wealth-orientation of the culture. As such, 'national' culture warrants inclusion as an influence within the environment in which organisations operate. 'National culture', it may be assumed, is one of the important influences upon behaviour of organisations which are also influenced, amongst other things, by market factors, national and international economic factors, technology, industry values, laws and regulations, activities of stakeholder groups, organisational culture and individual psychology (Mead: 1994: 13).

The investigation of culture poses enormous problems for the researcher partly because of its complexity. Culture is variously defined and treated differently by many disciplines including anthropology, psychology, sociology and other social sciences. The difficulties begin with attempts to define what culture is and a lack of consensus and multiplicity of definitions of culture reflects a general failure of social scientists to engage in interdisciplinary research and, therefore, in a failure to benefit from 'pooling' their subjectivity. Becoming familiar with the associated literature is made difficult by the tendency of different disciplines to use their own esoteric terminology for constructs often describing similar or the same ideas.

This thesis overcomes these problems through adopting a synthesis of perspectives which enhances the understanding of Hong Kong culture and its organisational consequences by benefiting from an integrated approach. The approach intentionally transcends diverse disciplines, paradigms and methods in order to further the understanding of cultural complexity and eschews narrow, restrictive approaches as inadequate in the context of the examination of culture as a multidimensional and multi-level phenomenon.

Defining culture

In order to facilitate such a synthetic approach, it is necessary to commence with a working definition of 'culture' since interpretations and definitions vary widely. More than 40 years ago, more than 160 definitions of culture were identified (Kroeber and Kluckhohn :1963) and a similar exercise today could increase this to a four-figure number. The main problem with most definitions is

that culture is a complex construct describing an entity *and* a process and few definitions capture this duality. The abstract entity is often defined as a 'collective' or group phenomenon involving mental processes or the 'mind'. In this respect Hofstede's definition of culture as a form of 'collective mental programming' is typical. This type of definition usually emphasises the aspect of culture as structural entity, identifying its components as values, beliefs, norms and practices, but representation of the aspect of culture as a process is often muted in such definitions. This process involves culture as a peculiarly human phenomenon which means that humans subjectively interpret the material world and its social, political and economic structures through everyday interpretative filters using communication through symbols, representations and cognitive categories which configure meaning.

Culture is defined in this thesis as *a construct describing a complex entity comprised of explicit and implicit structural aspects and a process involving the collective subjective interpretation of the material world through communication and the construction of meaning.*

1.2 OBJECTIVE OF CHAPTER 1

The objective of this chapter is to articulate the central argument of the thesis and to signpost how the literature reviewed and the empirical research conducted supports this argument. The argument is summarised as follows:-

- a). The central submission is that culture is a complex multidimensional and multi-level phenomenon.
- b). Multidimensional conceptualisations can be identified in both 'general theory' and the theory involving culture and organisations.

- c). Multidimensional conceptualisations are characterised by:-
- i) assumptions of a complex interrelationship between different levels of culture.
 - ii) assumptions of a complex interrelationship between several indicators within each level of culture.
 - iii) assumptions of a complex interrelationship between culture as an 'ideational domain' and the corresponding or parallel, more tangible, domain of social, political and economic 'interests'.
 - iv) avoidance of ethnocentric assumptions about the development of a universal modern industrial liberal democratic culture towards which all societies are converging.

As a consequence, it is assumed that culture can be examined by many different perspectives, each of which can be regarded as having a valid contribution to furtherance of the understanding of culture. This requires the employment of tolerance of different perspectives, particularly if such perspectives challenge our own ingrained assumptions about the nature of culture or the relevance of methods of investigating it.

- d). The contributions of Archer (1996), Lessem and Neubauer (1994) and Griswold (1994) are identified as the best examples of multidimensional conceptualisations. Lessem and Neubauer's (1994) approach which depicts culture as a metaphorical 'tree' can most favourably be used, as a heuristic device, to co-ordinate discussion of a multi-level investigation of Hong Kong culture and organisation.
- e). Multidimensional conceptualisations have not been matched by multi-level empirical research operationalisation and the principal agenda for furtherance of studies involving culture involves the need to equate the two. In other words, multi-level research operationalisation is required to do justice to emerging multidimensional conceptualisations such as the 'cultural tree'.
- f). Different levels of culture appear to lend themselves to different epistemologies and methodologies. The attempt to establish connections between levels must refute the doctrine of paradigmatic incommensurability (Burrell and Morgan: 1979) by recognising and engaging multiple paradigms. The solution employed involves adopting one (or a combination of more than one) of the 'paradigm crossing' metatheoretical assumptions identified by Shultz and Hatch (1996). 'Paradigm crossing' enables a complementary inter-paradigmatic approach which provides a synthesis of perspectives at different levels using different paradigmatic assumptions. It represents progress towards enhancing understanding through the synthesis of multi-level approaches and an 'intellectual synergy' possible from a more holistic, integrative approach. This produces a greater understanding of culture than is possible than by using such approaches in isolation. It enables both an improved understanding of the cultural whole in terms of its

constituent parts and an enhanced comprehension of cultural constituents in the context of the cultural whole.

- g). Hofstede's (1980) functionalist methodology is employed at one level of analysis as a partial but representative examination of the roots or 'ideational structure' of Hong Kong culture. The results are used to inform on and provide inputs for a Critical Incidents study which explores a different level of culture. Hofstede's study as a functionalist approach at one level of cultural analysis is complemented by an alternative, more interpretivist account at another level of analysis. The objective here is to engage both paradigms and to exploit new perspectives from the exploration of the contrasts or connections between them.

The Critical Incidents study is a methodology within the 'transition zone' (Shultz and Hatch:1996) bridging the paradigms of functionalism and interpretivism. In terms of metatheoretical assumptions, the approach adopted constitutes a hybridised "sequential bridging" form of paradigm crossing. This is achieved within the institutional context of network analysis using research cases to examine the *theoretical* validity of multi-level models such as proposed by Archer (1996) and Lessem and Neubauer (1994).

The underlying purpose of the research is to explore the complementary aspects of different cultural approaches. This aims to exploit the knowledge gained by the abandonment of reductionism and the relaxation of strict adherence to assumptions within social science about human nature, ontology, methodology and epistemology. The justification for this kind of synthesis in Hong Kong is that Chinese 'philosophy' is different from its Western equivalent in content and methodology (van Norden:1996:225) in placing greater emphasis upon humanism, synchronicity and the balance between 'everything connected to everything else'.

- h). The results show consistencies between Hofstede's (1980) and Bond's (1987) phenomenological values relating to Hong Kong (such as collectivism, high Power Distance and Confucian Dynamism) and the everyday cognition and behavioural patterns of network actors. The manifestations of culture at different levels are, therefore, shown as logically consistent and the values, institutions, ideologies and everyday activities are shown to be interrelated, consistent and interdependent. The identification of these consistencies constitutes a contribution to knowledge which enhances the understanding of Hong Kong culture and organisation, also providing general theoretical validation for the multidimensional models of Archer (1996) and Lessem and Neubauer (1994). Culture conceptualised as a complex, multi-level phenomenon is matched by a multi-level research operationalisation. Such a matching is not evident elsewhere in the literature, which allows the thesis to provide a unique contribution to knowledge.

1.3 RESEARCH AIMS AND OBJECTIVES

The research objective of the thesis is *to examine the influence of culture on Hong Kong organisation at three levels ; namely 'macro' level, 'meso' level and 'micro' level and to develop an improved understanding of the overall influence of Hong Kong culture by examining the consistencies and interconnections between these levels.*

The three levels correspond in metaphorical terms to the 'roots', 'trunk and branches' and 'leaves' of Hong Kong's cultural 'tree'. The roots correspond to Archer's (1996) 'macroscopic' ideational cultural system and the leaves to 'microscopic' socio-cultural integration of cultural agents. The main purpose for dividing the study into multiple levels is that each level lends itself to examination by different techniques since culture, at each level, manifests itself in different forms requiring different research methods to identify and explore it.

This thesis aims to investigate all aspects of the cultural tree in Hong Kong. The 'roots' are examined empirically by a quantitative macro-level investigation of the 'national' cultural values of Hong Kong compared to the U.K. In Lessem and Neubauer's (1994) model, the 'roots' are constituted by Art and Religion as sources of cultural inspiration and a basis for ideas and philosophies underpinning knowledge. It is argued here that 'values' are the *implicit* equivalent of the *explicit* ideational foundations of Art and Religion and that the examination of values as 'roots' constitutes an evidential equivalent to the holistic metaphor of roots of a tree. Values are in 'sharp focus' in this thesis and Art and Religion, as sources of cultural inspiration, are examined as

supplementary evidence. The submission is that this approach is mutually supportive and a valid equivalent investigation of the 'roots' of culture which, therefore, complements rather than compromises the tree metaphor. The 'leaves' are also examined empirically by a qualitative micro-level investigation of the everyday behaviour, attitudes and perceptions of Hong Kong managers using case research methodology. The trunk and branches of Hong Kong's models, institutions, philosophies and ideologies are examined partly in the empirical studies at macro and micro level but mostly through deductive reasoning and theoretical model building.

The result is to identify a 'Hong Kong tree' which is quite distinctive from the Western or 'Anglo-Saxon tree' from which most 'management' ideas and models derive. The 'roots' are characterised by co-operative collectivism, paternalism, personalism, Confucianist and other values or ideas which mitigate against the unadulterated 'development' of Anglo-Saxon values of competitive individualism, egalitarianism, universalism and democracy. Related to this the 'trunk and branches' of Hong Kong's institutions and ideologies are equally distinguishable from the market structures and ideologies of Anglo-Saxon cultures such as 'free market' neo-classical economics, individual 'human rights' and social control based upon the 'rule of law'. Hong Kong's institutions and ideologies are much more concerned with 'networks' as a model of co-ordination and the corresponding mechanisms of trust, loyalty, reciprocity, integrity and reputation which maintain long-term *Guanxi* relationships and the benefits that derive from them. Management theories emanating from America and other Western countries can consequently be

seen as culture-bound to those cultures from which their authors were socialised. They are, therefore, of limited relevance in Hong Kong.

Much of this Western theory is based upon philosophies, ideologies, institutions and value systems of the West which are designed to provide frameworks for Western answers to Western problems. In the main, they do not address conditions and problems of the culturally distinctive everyday business activity in Hong Kong which represents the 'leaves' of the metaphorical cultural tree examined here.

1.4 STRUCTURE OF THE THESIS

Part 1

Culture has been conceptualised and researched using diverse approaches within the social sciences. Burrell and Morgan's (1979) 'functionalist' and 'interpretivist' paradigms provide a foundation for mapping this diversity. Interpretivism is preferred to other paradigms as corresponding to functionalism in cultural studies as it offers the greatest contrast and has produced increasing research attention in the subject in recent years (Schultz and Hatch :1996:531). These two paradigms are adopted here as a heuristic device to establish a typology of approaches towards cultural theorising and research operationalisation. The typology also distinguishes multi-dimensional conceptualisation and multi-level research operationalisation from other, less relevant approaches. It consequently involves six categories forming a 'hierarchy of complexity' in cultural approaches, as shown in fig. 1.1

This categorisation allows the further exploration of the literature at two levels. In Chapter 2 it is employed at the level of general theory, encompassing contributions from Sociology, Social Psychology and Cultural Anthropology. This literature provides a foundation and a background for examining the more specific literature relating to culture and organising (institutions and organisations), particularly with reference to Hong Kong and other Overseas Chinese cultures, in Chapter 3.

Fig. 1.1 A Hierarchy of Complexity in Cultural Approaches

<u>Assumptions concerning Conceptualisation / Research Operationalisation</u>	<u>Paradigms</u>	
	Functionalist	Interpretivist
Multidimensional / Multi-level	<u>TYPE A</u>	<u>TYPE B</u>
Multidimensional / Uni-level	<u>TYPE C</u>	<u>TYPE D</u>
Unidimensional / Uni-level	<u>TYPE E</u>	<u>TYPE F</u>

Part 1: General Objectives

The principal intentions of this literature review in Part 1 are:-

1. To identify the context within which emergent multi-dimensional theoretical conceptualisations have been realised.
2. To establish the heritage of a multi-level and multidimensional approach to cultural study
3. To enable the establishment of a theoretical framework, in part 2, within which multi-level research operationalisation can do justice to multidimensional conceptualisations.

A central tenet of the argument is that the conceptualisation and theorising of culture has developed to a more advanced level than research strategy and operationalisation. The main deficiency in the study of culture is identified by the failure of research to match up to the evolution of multi-level and multidimensional cultural conceptualisations. The submission is that the principal requirement in cultural studies, therefore, is for cultural researchers to focus upon the development of research application that does greater justice to this more advanced theory by developing multi-level research operationalisation.

An emerging multidimensional conceptualisation of culture is identified in the literature. Conceptualisation of culture is described in terms of assumptions related to dimensionality, human nature and ontology. Conceptualisations are characterised along a continuum from simple linearity to complex multidimensional approaches. The further along this continuum one 'travels' the more aspects, factors and levels are assumed to be involved with culture. The most complex approaches to conceptualisation appear to include ideational structures (values, beliefs, art \ aesthetics) and ideational interactional processes of agency (attitudes, attributes, categories, scripts, social representations, behaviours) as well as a recognition of the co-evolution of culture with the parallel domain of political economic 'interests' (institutions and ideologies). In these conceptualisations culture is seen to be recognisable at different levels and through different indicators.

Different levels of cultural research appear compatible with different paradigms in that they differentially lend themselves to different assumptions about the nature of social science. The metatheoretical approach of 'incommensurability' of paradigms, advocated by Burrell and Morgan (1979) is refuted as it is assumed to be detrimental to further development of cultural analysis. The implication is that in order to enhance understanding culture multi-dimensionally, research must attempt to explore the complementarity between paradigms. A form of "paradigm crossing" (Schultz and Hatch : 1996) as an alternative metatheoretical approach is advocated and employed. Crossing involves the researcher recognising, confronting and engaging multiple paradigms (Schultz and Hatch :1996:533). This enables recognition, confrontation and engagement of cultural research at different levels using different types of indicators.

The thesis examines culture and organisation at different levels in Hong Kong using different approaches. From this, inferences about the correspondence between the levels of culture are made and a more comprehensive understanding of Hong Kong culture is realised. The metaphor of culture as a tree (Lessem and Neubauer: 1994) is used, as a heuristic device, to co-ordinate discussion of a multi-level investigation of Hong Kong culture and organisation.

Part 1: Chapter 2

Chapter 2 reviews conceptions of culture within the social sciences at the level of general theory, encompassing contributions from Sociology, Social

Psychology and Cultural Anthropology. It employs a typology of cultural theories enabling their positioning within a 'hierarchy of complexity'. This distinguishes 'functionalist' from 'interpretivist' paradigms and also provides the distinction of multidimensional / multi-level from less complex approaches. This literature provides a foundation, context and a background for Chapter 3.

In the first part of Chapter 2 approaches to culture involving Burrell and Morgan's (1979) 'functionalist' paradigm which mainly address culture from a realist, positivist, determinist and nomothetic standpoint (Burrell and Morgan:1979:26) are discussed. The treatment of culture from structural functionalists, systems theorists, action theories, interaction, symbolic interaction and integrative theory are reviewed.

Structural functionalists share a mechanistic multidimensional and 'holistic' conceptualisation of culture but their objectivist assumption of positivistic epistemology mean that operationalisation of cultural research tends to be confined, reductionist and uni-level. The systems theorists share a multidimensional and 'holistic' conceptualisation of culture and their position, mostly within an inter-paradigmatic 'transition zone' between interpretivism and functionalism permits sufficient flexibility to enable the possibility of multi-level research operationalisation.

Action theories theory tends to focus upon the 'roots', 'trunk and branches' and 'leaves' as separate phenomena and their assumed deterministic relationship. Social interaction assumes a greater degree of complexity than action theory and the organismic metaphor of the cultural tree sits more comfortably with this

approach. Their particular emphasis is upon the 'leaves' of everyday interaction, recognising that interaction mediates between social and ideational structures and processes through the sense in which they are functionally interdependent.

The contribution of Simmel, Tonnies and Mead is to develop a conceptualisation of self which enables each individual 'leaf' to be understood. This understanding requires a multi-level approach which is consistent with the tree metaphor. The leaf has to be comprehended both as a phenomenon in its own right at one level, and as part of other phenomena at other levels.

The identification of multidimensional / multi-level approaches provides the general theoretical context within which some theorists enable a middle path between idealism and positivism to facilitate the pursuit of complementary inter-paradigmatic approaches. In taking this middle path these theorists have enabled the pursuit of complementary inter-paradigmatic approaches. It becomes conceivable for such theorists to simultaneously adopt the assumptions of voluntarism and determinism, epistemologies of positivism and interpretivism, and ideographic and nomothetic methods. It becomes possible to simultaneously explore the whole, using one type of method and its parts using another methodology. In other words, it becomes conceivable at different levels to examine culture and its constituent parts. The contribution of Archer (1996) is identified as the best example of multidimensional conceptualisation at the level of general theory.

In the next part of chapter 2, the review of contributions from social psychology to the study of comparative culture at a macro-level involves the concepts of 'values' and of 'national culture'. The work of two influential writers on national culture is the central focus of this part of the chapter.¹ These authors have been chosen because of the impact of their work on our contemporary understanding of national culture and its influence on work and organisations. Both authors; namely Hofstede and Schwartz, have provided models enabling national cross-cultural comparisons. In order to facilitate comparison, examples are cited throughout the chapter contrasting Western and Eastern cultures and specifically comparing Britain and Hong Kong. These areas and countries are selected because of their substantially different cultural characteristics according to the models provided by these 'principal writers'. The selection is also due to identifiable differences in recent economic performance between many countries (like Hong Kong) in the East, which have experienced remarkably high growth, despite recent economic crises in the region, compared to some (like Britain) in the West.

Hofstede's (1980) model² is identified as imperfect and as only one of several ways of looking at the 'roots' of culture. The justifications for using it are that it remains the seminal study in the field, it conceptually and statistically parallels similar large-scale surveys and it has been shown durable in replication and generalisability. The outcome is to confirm that the collective 'mental programs' of the Hong Kong Chinese are unique. They can be characterised as reflecting a combination of core tradition and surface modernity. Their values, as

described by Hofstede and Bond (1988), are Collective, High Power Distant, benign Masculinity and Confucian Dynamic.

These dimensions interact to create a unique cultural combination and Confucian Dynamism, as a Chinese 'emic' which 'replaces' Uncertainty Avoidance, engenders a long-term orientation and pragmatic synthesis. This is particularly beneficial to economic development within the social, political, historical and institutional context of Hong Kong which can be categorised an essentially *traditionalist / relationship* culture with modern Western influences at a 'surface' level. The influence of the core traditionalist values upon ideologies and network institutions can be inferred although it must be remembered that ideologies and institutions also contribute to sustaining the value systems as much as the values influence the ideologies and institutions.

The final part of Chapter 2 reviews approaches to culture involving Burrell and Morgan's (1979) 'interpretive' paradigm, which challenge the status of the ontological and epistemological assumptions of the functionalists. The interpretivist paradigm is reviewed for its relevance to conceptions of culture. The underlying emphasis is upon understanding the nature of the social world within the realm of the subjective interpretations of the participant actor with an emphasis upon the view that reality lies in the 'spirit' or 'idea'. Interpretivism involves assumptions which are nominalist, anti-positivist, voluntarist and ideographic and, in contrast to functionalism, it rejects the validity of methods and assumptions employed in the natural sciences for human societies. Interpretivism directly addresses the question of culture as it involves the

'cultural sciences', or *Geisteswissenschaften*, where emphasis is placed upon the subjective internal processes of human minds as related to external actions and objectifications in the socio-cultural environment.

Sociological approaches within the interpretivist paradigm have in common a concern with the 'life world' or *Lebenswelt*. Their views converge upon the role of language as a medium for the creation of meaning. This involves establishing 'common sense' typifications and other mental schemes in the establishment of rules for construction of meaning and everyday interaction. In terms of the hierarchy of complexity depicted in fig.1.1 (page 22 above), the interpretivists mainly occupy a type 'D' categorisation. They are inclined to satisfy the essential criteria for multidimensionality in cultural conceptualisation but are not inclined towards multi-level research operationalisation. Their focus upon the everyday cognition and behaviour of socio-cultural actors has the effect of restricting their level of analysis to these phenomena at the 'leaves' of the cultural tree. This to a large extent complements the type 'C' functionalists whose analysis is restricted largely to the corresponding 'roots' or ideational structures of culture.

Archer's (1996) morphogenic systems approach is identified in this chapter as top of the hierarchy of complexity and as the most suitable general model for theoretical validation in the empirical research reported in Part 3.

Part 1: Chapter 3

Chapter 3 begins with a review of typologies of culture which affirm cultural analyses involving organisation as varying in terms of degrees of complexity.

This is followed by the construction of a 'hierarchy of complexity' incorporating the categorisation of principal contributions to cultural analysis involving considerations of organisation, management and work, particularly with reference to Hong Kong³.

The 'hierarchy of complexity' identifies three principal levels within it. The lowest level in the hierarchy (types 'E' and 'F' theory) are characterised by their unidimensional conceptualisations of culture and their corresponding uni-level agendas for research operationalisation. The 'mid' level (types 'C' and 'D') theories are characterised by more multidimensional conceptualisations which tend to be contradicted by uni-level agendas for research operationalisation. The higher level (types 'A' and 'B') theories are characterised by multidimensional conceptualisations with corresponding multi-level agendas for research operationalisation.

The identification of such complex multidimensional / multi-level approaches provides the general theoretical context within which some theorists have enabled a middle path between idealism and positivism to facilitate the pursuit of complementary inter-paradigmatic approaches. Types 'A' and 'B' are the most promising theories in terms of their potential contribution to the furtherance of the study of culture although, it seems clear that conceptualisation and theorising is more advanced than research operationalisation at this level. Consequently an immediate requirement is to develop multi-level research operationalisations that do justice to multidimensional conceptualisations and, therefore, provide the potential within

which culture can be better understood and provide a basis for developing a theoretical framework with sufficient complexity to enable validification of its multidimensional nature. Lessem and Neubauer's (1994) metaphorical 'tree' approach is identified in this chapter as top of the hierarchy of complexity and as the most suitable model for theoretical validification in the empirical research reported in Part 3.

This validification requires eclectic borrowing of methods and concepts from other approaches lower in this hierarchy of complexity. As a result, all theories at all levels in this schema are regarded as potentially providing a valid contribution to the study of culture as a multidimensional and multi-level phenomenon. This recognises that functionalism has been inclined to focus upon the 'roots' of the cultural 'tree' whilst interpretivism has centred upon the 'leaves' of everyday cognition and behaviour. Synthesis of these two approaches, therefore, is necessary to exploit intellectual synergy's and advance cultural analysis. Such a synthesis requires the abandonment of the assumption of incommensurability between paradigms and the development of a theoretical framework connecting the 'roots' to the 'leaves' through the 'trunk' of the cultural tree enabling the theoretical connection between culture and behaviour that has inhibited the constructive integration of research (Cray and Mallory:1998: 60). This provides the theoretical context for the development and empirical examination of a framework for culture, networks and action in the Hong Kong 'businesssphere'.

Part 2: General Objectives

In Part 1, the review of literature involving culture at both general theory and organisational theory level, using a 'hierarchy of complexity' to categorise contributions, reveals Archer's (1996) morphogenic systems and Lessem and Neubauer's (1994) 'cultural tree' metaphor to be at the top of this hierarchy. These contributions are, therefore, the most credible forms of multidimensional conceptualisations of culture which also have a multi-level research agenda. Unlike many models lower in the hierarchy, however, both models appear underdeveloped in terms of empirical support. This is invariably due to the underlying influence of philosophy rather than science upon their construction. This means that the immediate requirement is to convert a multi-level research agenda into multi-level research operationalisation aimed at theoretical validation of a multidimensional conceptualisation of culture.

In order to achieve this, part 2 develops a framework which establishes the theoretical context for the empirical studies reported in Part 3. The framework, therefore, is intended as a vehicle for multi-level research operationalisation aimed at theoretical validation of a multidimensional conceptualisation of culture. It attempts a synthesis between an eclectic combination of theories and concepts which traverse both functionalism and interpretivism. It, consequently, rejects the assumption of paradigm incommensurability (Burrell and Morgan:1979) and adopts a metatheoretical assumption of 'paradigm crossing' (Schultz and Hatch:1996) to exploit the complementarity of different

approaches in order to reveal an improved understanding of a multidimensional Hong Kong culture.

Part 2: Chapter 4

Chapter 4 is the introduction to Part 2 which develops a complex schema and systems model as a theoretical framework. The need for such a framework has been recognised for some time (Redding:1994,b) but the lack of such a framework has been retarded by the enormous theoretical, conceptual and methodological difficulties entailed (Cray and Mallory:1998:13).

The framework has five principal elements; namely the environment, 'national' culture, industrial culture (institutional context), expectations and outcomes, processes and action. The changes and influences in the environment affect action or behaviour after passing through invisible 'cultural filters' at the macro-level and the meso-level and after passing through complex social, political and economic processes. As a result, the assumption is that action is largely a result of processes that are a consequence of a 'reality' or a perception of the environment that is 'socially constructed' through cultural filters.

The framework synthesises principal constructs from a variety of models. Influences between the variables are assumed two-way and interrelated but the principal flows of influence are from environment through filters of 'national' culture to industrial culture and on to 'expectations', power and socio-economic processes, and action, strategy and behaviour. The various approaches upon

which the synthesised model is based tend to emphasise different constituent aspects with some overlapping foci.

The theoretical framework, therefore, serves to provide a vehicle which enables the 'multi-level' cultural theories of Archer (1996) and Lessem and Neubauer (1994) to be examined empirically. This means that the values studies of Hofstede (1980) are able to be used as a perspective upon the 'structure of ideas' (Archer :1996) or 'roots' (Lessem and Neubauer :1994) of Hong Kong culture. The micro-level manifestations of culture, the 'cultural agency' (Archer :1996) or 'leaves' (Lessem and Neubauer :1994) of Hong Kong culture are to be examined using research case methodology to explore critical incidents. The institutional 'interests' (Archer :1996) or 'trunk and branches' (Lessem and Neubauer :1994) of Hong Kong culture are examined using the theoretical framework developed here.

Part 2: Chapter 5

Chapter 5 involves an evaluation of methodological problems facing studies of culture and organisation using the theoretical framework. The methodological issues reflect the need to match a multi-level conceptualisation of culture with a multi-level operationalisation of research. The argument posed is that solutions to these problems require a recognition of the complementary relation between 'holistic' and 'reductionist' approaches. The theoretical framework is discussed with specific reference to Hong Kong and equated with the elements of the cultural tree. Of particular importance is the significance of 'network' institutions as the 'trunk and branches' that link the roots and the leaves.

Markets, Hierarchies and Networks are 'models of co-ordination' with equivalent control mechanisms of price, administrative orders and trust. These models exist simultaneously with their ideological attachments in all societies. The traditional privilege afforded to markets over bureaucracy and networks in *modernist / contractual* Anglo-Saxon economies such as the U.K. and U.S.A is of questionable validity in the more *traditionalist / relationship* culture of Hong Kong which is governed by generic constituents of *holism* and *humanism*, is characterised by *communal, co-operative* or 'network capitalism'. In Hong Kong the network model justifies a more privileged position in a 'hierarchy of perspectives' of markets, hierarchies and networks. Chapter 5 identifies 'Nadel's Paradox', involving the cultural and relational aspects of roles within Hong Kong networks as well as evaluating the hierarchy of perspectives of network actors as 'themes' in terms of networks (and trust), hierarchy (and administrative orders) and markets (and price).

Part 3

In Part 3, Chapter 6 "Hermes Revisited A Replication of Hofstede's Study in Hong Kong and The U.K." ⁴ is a replication of Hofstede's (1980) seminal study. It constitutes an examination of the 'roots' of Hong Kong culture from a particular perspective. In the first part of the chapter, Hofstede's (1980) four dimensional (4-D) study is examined further, particularly with reference to its cultural characterisation of Hong Kong. This recognises the continued seminal status of Hofstede's work in studies of work-related values and provides a basis for replicating Hofstede's value dimensions study as the first of the empirical studies. The replication, reported in the second part of Chapter 6, is

conducted within the same organisation (IBM) originally used by Hofstede (1980). It is the only replication to be conducted within IBM or 'Hermes'

The motive for the replication is to examine whether the differences identified by Hofstede (1980) between Hong Kong and the U.K in work-related values are stable over time and to test whether Hofstede's dimensions have changed according to his expectations. The main purpose is to examine the validity of Hofstede's Values Survey Module (VSM) within the original sampling organisation (IBM) using matched samples in different countries as a way to cross-validate the instrument and findings of the original study. Such validation serves to justify arguments in favour of Hofstede's principal hypotheses which are that management is 'culture-bound' and that American and other Western theories of management, which dominate the literature, are often ethnocentric and mistakenly interpreted as universally applicable. The methods and results of the replication are described and discussed and a summary and conclusions are drawn.

In Chapter 7, "Critical Incidents in a Network Culture", the influence of culture on network activity in Hong Kong at the level of the 'leaves' is examined. The empirical method used as a research tool are case studies. These enable the employment of a combination of qualitative and quantitative data in order to resolve the problem of 'Nadels Paradox' which identifies that roles have both ideational (cultural) as well as structural (relational) aspects. Case studies were chosen for their efficacy in effecting analytical (rather than statistical) generalisation which is appropriate in the examination of highly complex

phenomena in a real-life context. A 'practical-actor' approach is adopted which recognises that rationality, bounded rationality and non-rationality can occur simultaneously and assumes that much behaviour of actors is conventional and practical. Relational structures are assumed to be culture-bound and interaction is moderated by culturally-embedded 'typifications' or categories (based on attributes such as ethnicity) as well as culturally-embedded 'accounting systems' (based upon cognitive evaluations / attitudes).

Chapter 8 is the final chapter in which the main points of the thesis are summarised and conclusions are drawn. The manifestation of culture in Hong Kong at different levels is summarised. At the 'roots' Hong Kong is characterised as collectivist, high power distant, retaining *Gemeinschaft* characteristics and traditional Confucian influences at the core despite it's modern appearance. At the 'trunk and branch' level this phlegmatic traditionalism means a higher profile of network structures and co-operative ideologies than in the West. This institutional and ideological environment makes Western theories of management and economics (based upon the assumptions of individualism, rational utility maximisation and normative competition) highly inappropriate constructs in the context of Hong Kong. At the micro-level of cultural agency the 'leaves' of everyday activity business relationships are shown as characterised by an emphasis upon trust, reciprocity, reputation, integrity and honour which enable maintenance of long-term bonds between cultural actors who achieve durable mutual benefits despite their experiences of many relationships which do not mature in this way.

NOTES

- ¹ An earlier version of this part of the chapter has been published, co-authored with Cliff Oswick, as Chapter 6, 90-116, in *Comparative Management ; A Transcultural Odyssey*, edited by Gatley, Lessem and Altman, 1996.
- ² An earlier form of this part of the chapter has been published in the *Asia Pacific Business Review*, Spring 1996. Vol.2, No.3. 120-133.
- ³ An earlier version of elements of this part of the chapter, entitled "Culture and Network Institutions in Hong Kong: A Hierarchy of Perspectives" has been reviewed and accepted for publication in *Organisation Studies*, expected publication date: 1998.
- ⁴ An earlier form of this chapter has been published in the *Asia Pacific Business Review*, Spring 1996. Vol.2, No.3. 101-119.

CHAPTER 2 : GENERAL THEORIES OF CULTURE

2.1 INTRODUCTION

In attempting to examine culture as a multi-level phenomenon in Hong Kong, it is important to review the literature within the social sciences, involving approaches to cultural analysis from a broad perspective, in order to establish an understanding of the foundations of conceptions of culture. Amongst *culturalists* in different social science disciplines there is considerable disagreement about what culture is and how it can be examined. The source of the divergence of approaches is the different underlying assumptions or frames of reference inherent in all social analysis.

This chapter reviews general theories of culture from many disciplines. Its purpose is to provide a general foundation, context and a background for Chapter 3 which reviews literature more specifically concerning culture, management and organisation, particularly in Hong Kong. The identification of multidimensional / multi-level approaches in this chapter provides the general theoretical context within which some theorists have enabled a middle path between idealism and positivism to facilitate the pursuit of complementary inter-paradigmatic approaches. This is the basis upon which the empirical studies, reported in Part 3, are developed.

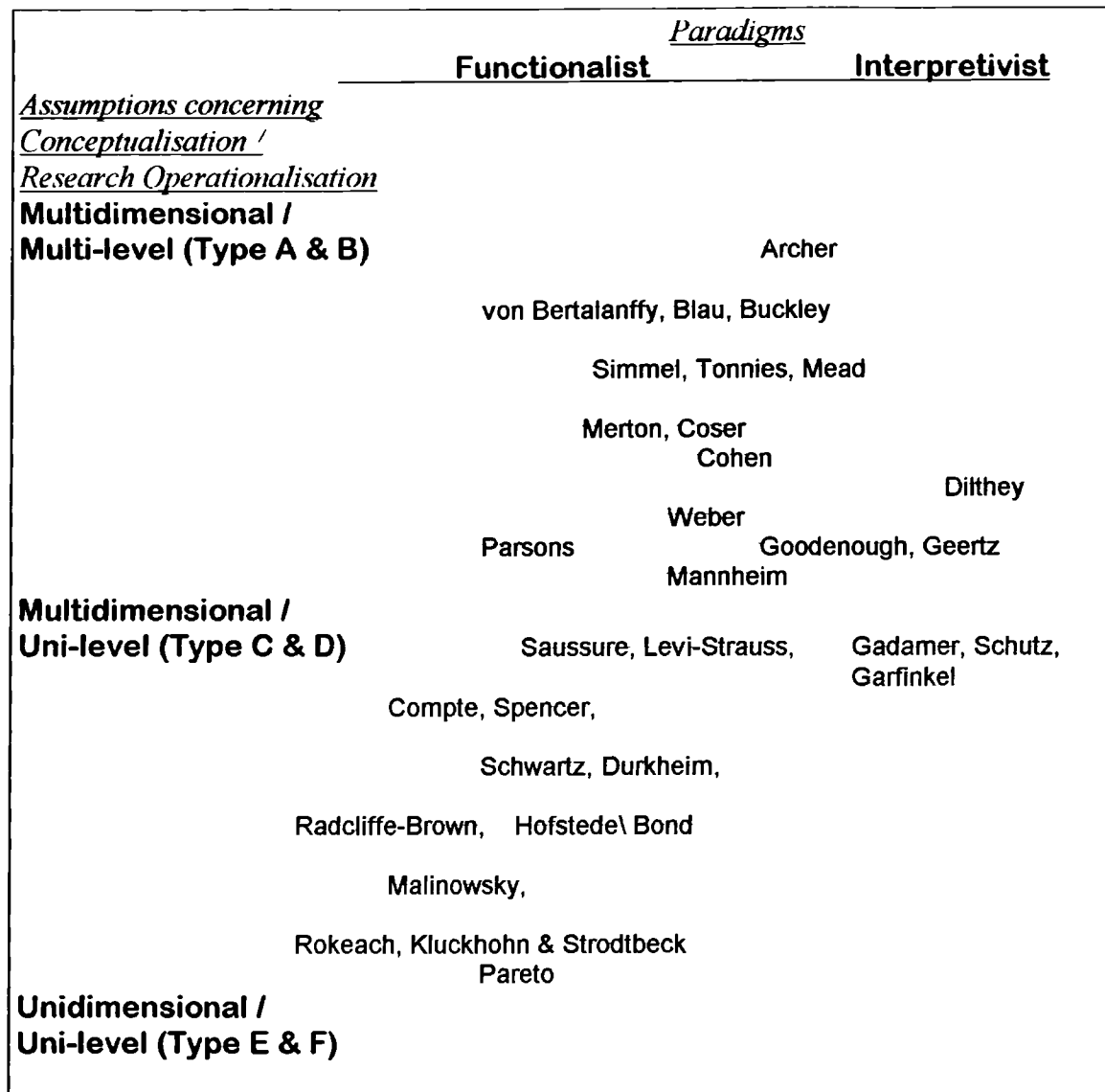
Figure 2.1 summarises the principal contributions to general theoretical developments in culture reviewed in this chapter. Fig 2.1 maps 'type A and B' theories which can be regarded, in varying degrees, as representing multidimensional and multi-level assumptions about cultural conceptualisation

and research operationalisation. These are differentiated from 'types C to F' theories which cannot be regarded as representing both multidimensional and multi-level assumptions about cultural conceptualisation and research operationalisation.

The theories are arranged in a rank order in terms of their position as best representing complex multidimensional and multi-level assumptions. They are also arranged along a continuum between 'functionalist' and 'interpretivist' paradigms according to their apparent underlying paradigmatic assumptions about human nature, ontology, methodology and epistemology. This schema serves to show that theories can be arranged in a 'hierarchy' of complexity, with Archer's (1996) 'morphogenic systems' theory representing the most advanced assumptions to date concerning cultural conceptualisation and research operationalisation whilst occupying a transitional position between functionalism and interpretivism.

Archer's (1996) approach is identified, therefore, as the most suitable model for theoretical validation in the empirical research reported in Part 3. This validation requires eclectic borrowing of methods and concepts from other approaches lower in this hierarchy of complexity. As a result, all theories at all levels in this schema are regarded as having potential for providing a valid contribution to the study of culture as a multidimensional and multi-level phenomenon.

Fig. 2.1: The Hierarchy of Complexity: A Typology of General Theories of Culture



Burrell and Morgan's (1979) interpretive and functionalist paradigms are a useful device enabling classification of the underlying assumptions or frames of reference of approaches to cultural analysis. These theoretical constructs are used here as a heuristic device to enable the 'hierarchy of complexity' to have width as well as depth. The positioning of theories in terms of their paradigmatic assumptions enables the identification of complementarity

between theories. Paradigm characteristics are used in a broader context than Burrell and Morgan's sociological focus as it also includes cultural analysis outside sociology, particularly from social psychology and cultural anthropology, to examine the similarities and differences in conceptions of culture. The aim is to use these analytical constructs to try to negotiate a way through the confusion which characterises the conceptualisation of culture and organisation, in the same way as Burrell and Morgan have done with their heuristic 'intellectual map' for social theory and organisational analysis. In addition, the 'tree' metaphor, representing an 'open' systems approach, is used throughout the literature review as a means of co-ordinating the discussion.

Burrell and Morgan proposed that social theory can be seen in terms of four key paradigms based on differing assumptions about the philosophy of (social) science as one dimension and about the nature of society as another. The four paradigms are seen as each identifying a distinct problem and as incommensurable and mutually exclusive perspectives. Different assumptions about the philosophy of science are constituted by different sets of assumptions related to ontology, epistemology, human nature and methodology which determine a continuum from 'subjectivist' to 'objectivist' approaches. Similarly, different assumptions about the nature of society are constituted by contrasting notions of 'regulation' or order and 'radical change' or conflict. The outcome is the four paradigms of 'Radical humanist', Radical Structuralist', 'Interpretivist' and 'Functionalist' sociology.

Burrell and Morgan maintain that most sociological debate has ignored the distinction between 'nature of society' dimensions and has focused upon the debate between the subjectivist and objectivist paradigms within both the sociology of regulation and the sociology of radical change (Burrell and Morgan:1979:21). This introversion is seen as the cause of much of the confused sectarianism within the social sciences (Burrell and Morgan:1979:22) and the implication is that the promotion of debate between paradigms is a prerequisite for the resolution of this confusion. The implied agenda for Burrell and Morgan is to provide a foundation for a more substantial attack on the hegemony of the functionalist paradigm, which is seen as the dominant framework within academic sociology and the study of organisations, with its firm roots in the sociology of regulation and objectivism.

2.2 CULTURE AND VALUES WITHIN THE 'FUNCTIONALIST' PARADIGM

The lack of consensus in the interpretation of 'values', 'culture' and their 'function' is a problem within the 'paradigm' of functionalism. There is not even agreement within 'schools' located within the paradigm. This leads to conceptual confusion and semantic inconsistency.

2.21 Structural Functionalism and Systems Theory

Functionalism is rooted in the 'sociology of regulation' and approaches this from an objectivist perspective (Burrell and Morgan:1979:25) resulting in concerns mainly addressed from a realist, positivist, determinist and nomothetic standpoint (Burrell and Morgan:1979:26). The consequence of this

rationalism and pragmatism is the emergence of the constituent schools within sociology of Objectivism, Social System Theory, Integrative Theory, Interactionism and Social Action Theory and within organisational analysis the schools of Objectivism, Systems Theory, Pluralism, Theories of Bureaucratic Dysfunctions and the Action frame of reference.

Functionalism originated in the work of Comte, Spencer and Durkheim and was developed subsequently within anthropology by Radcliffe-Brown and Malinowski (Swingewood:1991:225, Giddens:1989:696). Functionalist approaches to culture can be traced back to Aristotle (Griswold:1994:33) who described art (and culture) as human imitation of 'universal truths' depicting the kind of things that happen to human beings in a society. Functionalism assumes a 'close fit' between society and culture and that a society or culture 'exists' as a whole constituted by components, which we can call institutions, which arise to satisfy concrete needs (Griswold:1994:32). Examination of the function towards societal maintenance of each institution is the main project of the functionalists in attempting to understand the nature of that culture.

In promoting a 'holistic' approach to societal analysis, Comte emphasised the co-existence and interrelatedness of social phenomena. Thus, values were considered by Comte as an integral functional element of a social organism which should be assessed in the context of the other elements. Comte was concerned largely with the 'problem of social order' and proposed that order is derived from the necessary condition of a minimal consensus on certain values

which enables common identity, goals and practices concerning means of goal achievement (Cohen:1968:28).

Durkheim viewed culture as a social product and focuses on 'social facts' as real social elements relating to morality and 'collective representations'. Durkheim's holism was also concerned with social order and solidarity but a greater emphasis was placed on morality and, therefore, moral values as constituting a structure of social functions which embody the collective conscience of society formulated through institutions, such as religion and education (Swingewood:1991:226), which exist to fulfil social needs. Durkheim's main preoccupation was with the social transformations caused by industrialisation and the proposed displacement of religion by the division of labour as the principal basis of social cohesion (Giddens:1989:692). The process of industrialisation also causes stresses and dislocations resulting in possible 'anomie'. In the transition from pre-modern, unitary, 'mechanical solidarity' to modern, pluralist, 'organic solidarity' collective representation and particularly religion, serves to bind increasingly stressed and dislocated social elements (Griswold :1994:46). Society was regarded by Durkheim as an integrated whole sustained as a complex cohesive unity by differentiated interdependent functions. Culture is a representation of the collective or 'social' which enables sentiments of unity and cohesion through 'cultural objects' or expressive forms by which members of the culture represent themselves to themselves (Griswold :1994: 51).

With regard to the cultural tree, Durkheim's organic metaphor appears to be consistent. In relation to Hong Kong, however, Durkheim's approach is problematical as it reflects Western experience of an apparently seamless development from a traditional, unitarist *Gemeinschaft* to a modern, pluralist *Gesellschaft* society (Tonnes :1957,1963,1969). As we shall see, this transition is not evident in quite the same way in Hong Kong as it is in most cultures in the West.

Malinowsky similarly treated culture and society as an integrated whole and as instruments serving human biological and psychological needs (Smircich :1983:342). Malinowski's approach stressed the uniqueness or 'emics'¹ of each culture and, consequently, advocated 'ideographic' investigation involving the purposive functions of institutions (Hofstede:1984:32). This approach is a foundation for the subsequent development of 'ethnomethodology' which regards culture as a system of shared cognitions which determine a finite set of rules (Smircich:1983:342). Radcliffe-Brown's structural functionalism considered culture functions as an adaptive-regulatory mechanism which unites individuals into social structures (Smircich:1983:342). Therefore, culture is conceived as an integrated whole. To explain any belief, rule, custom or institution demands an analysis which links the element functionally with the structure of the culture as a system (Swingewood:1991:227). As with Malinowski and most other functionalists, Radcliffe-Brown's project was to discern the functional unity of a socio-cultural system in terms of the problem of social order. His main contribution, according to Burrell and Morgan, was the recognition of the processual relationship of mutual influence between

structure and its functioning and the concomitant requirement for social analysis to focus on the problems of social morphology, social physiology and development (Burrell and Morgan:1979:52).

The emphasis upon describing the recurrent functions of institutions means that the functionalists and structural functionalists regard attempts to explain the origins of cultural differences as futile (Harris:1991:401) and so historical, evolutionary and diffusionist approaches to the study of institutions and customs are abandoned. This model emphasises holistic functional unity, internal harmony and consistency within social systems in terms of the norm of social order and mostly regards change associated with conflict as abnormal and threatening.

ADVANTAGES & DISADVANTAGES

In terms of Lessem and Neubauer's (1994) tree metaphor, the structural functionalists recognise culture as a holistic phenomenon and so would support this aspect of the metaphor. These functionalists would be more comfortable, however, with a more mechanistic metaphor than a 'tree' in that the elements of culture are seen as 'components' of a larger entity, which are designed to fit a functional purpose, rather than as a self-organising 'open' system. This is reflected in the position of these functionalists in the typology representing the hierarchy of complexity in fig. 2.1 (page 41 above). They share a multidimensional and 'holistic' conceptualisation of culture but their objectivist assumption of positivistic epistemology mean that operationalisation of cultural research is mostly confined, reductionist and uni-level.

Systems Theory

The status of the 'founding father' of systems theory is conferred upon von Bertalanffy, whose definition of a system is explained in terms of 'correspondences' governing the behaviour of disparate entities forming holistic complexes of elements standing in interaction (Burrell and Morgan:1979:58). Systems pervade all aspects of science and are governed by isomorphic laws, underlying regularities and universal structures. Systems analysis, particularly based on the concept of open systems, is regarded as an alternative scientific approach to traditional positivism by von Bertalanffy (Burrell and Morgan:1979:58). Open systems permit processual interactions between system and environment which do not, unlike closed systems, automatically equilibrate or necessarily find homeostasis (Burrell and Morgan:1979:59). Despite the potential of the open systems concept much systems theory appears to Burrell and Morgan as locked in assumptions of closed systems and 'simplistic' mechanistic or biological metaphors (Burrell and Morgan:1979:61). Amongst the mechanistic equilibrating systems approaches, influenced by the work of Pareto, Burrell and Morgan identify the 'Harvard school' of sociologists. The open systems approach is considered by Burrell and Morgan as limited by the prevalence of biological metaphors and by a tendency to privilege either structural or functional imperatives, usually at the expense of each other and often at the expense of the question of social development and change (Burrell and Morgan:1979:65). Parson's approach to

systems, which is regarded as focusing upon functional imperatives by Burrell and Morgan, is examined on page 65 (below).

The emergence of morphogenic systems theory through the influence of Buckley is identified by Burrell and Morgan as a systems approach with more promise as it allows the consideration of metaphors other than mechanical and biological types (Burrell and Morgan:1979:65) appropriate in complex situations concerning social regulation. In terms of the 'tree' metaphor, systems theory would appear to find the metaphor compatible. It is employed in this thesis in a form more in keeping with the complexity of an 'open' system as assumed by morphogenic systems theory rather than as a 'simplistic' biological metaphor. Buckley's approach is discussed in section 2.23 on 'Integrative' theory below.

ADVANTAGES & DISADVANTAGES

Systems theory appears more consistent with a multidimensional conceptualisation of culture and consonant with a multi-level research operationalisation agenda. This is reflected in the position of the systems theorists in the typology representing the hierarchy of complexity in fig. 2.1 (page 41 above). The systems theorists share a multidimensional and 'holistic' conceptualisation of culture and their position, mostly within an inter-paradigmatic 'transition zone' between interpretivism and functionalism permits sufficient flexibility to enable the possibility of a multi-level research operationalisation.



2.22 Action and Interaction

Action Theories

Holism characterises one major influence within functional analysis which stresses the systemic properties of social wholes. It contrasts with the more 'atomistic' approach of action theory which stresses the importance of the individual components of the social whole. The action frame of reference derives from the German idealist tradition and the method of *verstehen* or interpretive understanding of social affairs (Burrell and Morgan:1979:82).

In the 'cultural sciences', emphasis is placed upon the subjective internal processes of human minds as related to external actions. For action theorists, norms and values govern the social actor's selection and prioritisation of goals (Cohen:1968:69). Norms relate to conduct in contrast to values which pertain to preferences and priorities. Both norms and values are related but not always coterminous although in the main values will tend to influence the range of acceptable norms (Cohen:1968:78), even if the degree to which actions are influenced by norms and values varies from one type of conduct to another and from one type of society to another (Cohen:1968:78).

Societies may be classified along a continuum according to whether they are at one extreme a 'traditional' ideal type (*Gemeinschaft*) or at the other a 'modern' ideal type (*Gesellschaft*) (Tonnie:1969). Traditional communities tend to result in diffuse relationships and the intersection of ties normally helps to maintain cohesiveness. In contrast, modern society's specific relationships are more likely to create a low intersection of social ties. This is a source of potential

conflict which may be avoided by a strong co-ordinating agency such as a government (Cohen:1969:134). Traditional communities are also more likely to use shame and enforcement of compliance and conformity as a mechanism of social control, as opposed to the more common use of guilt for similar purposes in modern societies.

However, it is also likely that social control in traditional communities revolves around a highly developed sense of honour and moral commitment, due to the involvement of the 'total' personality of the actor in social relationships (Cohen:1969:141). This commitment is based more on a consensus of moral, aesthetic and other values than in modern industrial societies. As a result, although all systems rely upon coercion, inducement and commitment the combination of the importance of these elements will vary according to the degree to which the system is characteristically more traditional or more modern. Role congruence will also, by implication, vary between more traditional and more modern societies. The moral basis of relationships in traditional communities is more compatible with conflict-avoiding 'co-operation' (Cohen:1969:146), which is a form of interdependence in keeping with parties committed to norms in a value-based community and contrasts with the amoral, reciprocal transactional, independent relationship form more characteristic in modern societies, within which 'conflict' is regarded as more normal.

Norms and values are more likely to influence action in more traditional societies where conduct regularly involves the actions of others, in which 'privacy' is not institutionalised and the range of choices permitted by technical,

aesthetic and moral conditions reduce the need for a strategy of action or 'rationality' of social conduct. In other words, 'culture' may be itself regarded as more influential in more traditional societies which are more 'cultural' in the sense that norms and values of social groups, rather than individualistic 'rational' strategies of social conduct, are more likely to influence action. This issue is examined further below within the context of social interaction theories.

ADVANTAGES & DISADVANTAGES

In terms of the tree metaphor, action theory tends to focus upon the 'roots', 'trunk and branches' and 'leaves' as separate phenomena and their deterministic relationship. The multi-levelled, self-organising, organismic qualities of the tree metaphor are somewhat contradictory to the action approach which, again, would probably suit a more mechanistic metaphor.

Max Weber

Weber formulated a typology of social action from which the action frame of reference derives (Burrell and Morgan:1979:82). Weber emphasised the importance of values as the significant influence upon social change and economic development and focused upon the vitality of Christian beliefs in cultivating development (Giddens:1989:694), although he did not subscribe to the idea that culture simply caused social structure (Griswold:1994:36). In this view culture serves to establish, shape and configure how actors pursue their 'ideal' interests and 'material' interests just as a railroad switchman determines the tracks along which a train must go (Griswold:1994:39). Weber's work reflects an emphasis upon interpretive understanding or *verstehen* and is

compatible with neo-idealism and a concern with subjective meaning amongst the 'cultural sciences'. Weber also argues against the relevance of scientific positivism in the study of social human beings (Giddens:1969:694). Despite this subjectivism in Weber's work, aspects of it are located within all paradigms by Burrell and Morgan (1979).

Weber's *verstehen* approach transverses idealism and positivism. Weber attempts to reconcile the method of *verstehen* with the development of objectivist social science through the notion of 'ideal types' which capture the 'spirit' of the *Gestalten* (Burrell and Morgan:1979:231). This kind of positivist typological scheme is seen by Burrell and Morgan as evidence of Weber's implicit positivism which, along with his position with regard to ontology and human nature, are reasons for them regarding him as essentially an objectivist sociologist of regulation, making his work comparable to theories of behavioural symbolic interactionism (Burrell and Morgan:1979:232).

Weber's typology of social action distinguished 'action oriented to tradition' from 'action dominated by emotional factors' and 'action rationally oriented towards some absolute value' (*Wertrational*) or instrumental rationality (*Zweckrational*) (Burrell and Morgan: 1979:83). The first two are not considered 'rational' by Weber and the last two are forms of rationality, with the latter being the purest 'ideal' form. Rational and traditional conduct are distinguishable, according to Weber's typology, by the differences in consciousness of the actor towards the means and ends involved. The purest rationality (*Zweckrational*) involves an assumption of the dependency of particular ends

(goals) upon certain means. For value-oriented rationality (*Wertrational*) the ends are valued in themselves, although assessing the efficacy and dependency of the achievement of ends upon the means is not possible. Both types of rationality involve choice of both means and ends by the actor which contrasts with non-rational action involving habitual or unconscious behaviour.

This typology has been criticised by many authors, but the central problem with it is that the concealed or unconscious rationality evident in ethnographic analysis (Cohen:1968:83) may mean that all action contains forms of rationality and non-rationality. Cohen states that this typology implies that values and beliefs are 'ideal' rationality lowering influences which prevent the adoption of instrumental rationality. In submitting pure rationality as the empirical ideal, Weber implies that modern development involves the dilution of 'traditionalism' and the adoption of 'modernism'. This is problematic and somewhat ethnocentric in the context of the development of Hong Kong. The approach emphasises the separation of 'high' European culture from everyday life in 'modern' civilisations and is resonant of the ethnocentric smugness traditionally associated with the 'humanities perspective' of cultural theory (Griswold:1994:6).

Despite these reservations, in terms of the cultural tree metaphor, Weber may be regarded as the person who originally planted and cultivated the 'sapling'. The 'roots' are evident in Weber's analysis in the form of values and religious motivation. The 'trunk and branches' are evident in the identification of idealism and institutions as important influences. The 'leaves' are apparent in Weber's

constructs relating to *verstehen* and action. The holistic properties of the tree are captured in the emphasis upon 'spirit' and the dual adoption of ideas and interests as co-dependent domains of human experience. The tree as envisaged by Weber, however, with privilege afforded to modernism, rationalism and machine-like bureaucracy, all inspired by the Protestant work ethic, would be very different to the tree in the context of Hong Kong. In terms of the 'hierarchy of complexity' in the typology presented in fig.2.1 (page 41 above), Weber enjoys a position towards the top of the hierarchy reflecting his significant influence on the study of culture. Despite the ethnocentric tone of some of his theories, Weber's influence is persistent in the study of Hong Kong culture, particularly in the work of Gordon Redding (1990).

Percy S. Cohen

Cohen proposed that Weber and others have failed to construct an adequate model of social action (Cohen:1969:89) and, building upon the work of Weber and Pareto, proposes to resolve this by listing the various possible elements to be found in any type of action. The eleven elements listed include the strategic significance of the goal, the availability of alternative means, the epistemological status of the goal, the epistemological status of the means and ends connection, the efficacy of means, the relevance of affects, the part played by norms, the part played by values, attitudes towards the assumption of conduct, the overall orientation and the consciousness of the actor of the features of the situation. The suggestion is that the possible combinations of these elements mean that more types of action are discernible than recognised

in Weber's typology (Cohen:1969:89).The implication is that 'values' form an element of a complex theory of action in which ends, means, choices, affects, norms and attitudes are interrelated and in which the "actor's choice of goals and, in particular, his ranking of goals, is strongly influenced by norms and values" (Cohen:1969:77).

Cohen (1969:69) suggests that the elements to be found in any type of action correspond to a set of assumptions adopted by action theory providing a mode of analysis for explaining typical actors' action and conduct in typical situations. This is taken by Burrell and Morgan (1979:84) as evidence of the assimilation of aspects of German idealism into the functionalist paradigm enabling an injection of voluntarism into functionalism which balances against the characteristically deterministic theories in the objectivist region of the paradigm. This is not entirely convincing but at the core of Burrell and Morgan's argument is the untestable hypothesis that their four paradigms are incommensurable. This means that schools of social theory must, therefore, be located in one paradigm or another. An equally untestable hypothesis which is put forward by Cohen (1969) is that these paradigms are not incommensurable and the theory of action shares, for example, assumptions with theories within the more objectivist region of the subjectivist paradigm as much as with theories within the functionalist paradigm. This argument will be considered further in relation to the feasibility of an interdisciplinary synthesis through the development of a theoretical framework in part 2.

Cohen summarises criticisms of the action approach by suggesting that it is in some forms inadequate and it is not an explanatory theory and, though it commits the 'fallacy of psychological reductionism', it is insufficiently psychological. The charge of inadequacy refers to Touraine's neo-Marxist objections to action theory which assumes norms and norm conformity as given rather than requiring explanation and the more general criticism that action theory cannot explain change. Cohen's (1969:93) response is that these objections are based on the assumption that action theory implies action is determined by norms and values, whereas action theory can also be interpreted as assuming that norms and values influence but do not govern action. Cohen criticises action theory but he asserts that no theory, including theories of 'radical change', has been able to explain the emergence of particular sets of norms and their particular characteristics or why the norms of some societies change more slowly than the norms of others.

The other criticisms of action theory discussed by Cohen concern the disputes about its psychological basis and tautological consequences. Some critics of action theory argue that it is a form of psychologism wherein "mental characteristics which it adduces to explain social phenomena are thought to result from the very social forms which are to be explained" (Cohen:1969:91). Not all action theorists, however, typically adopt a psychological approach and most assume that factors governing social action are external to the actor and given by society rather than deriving from the human mind. The final criticism is that Social Action Theory does not explain anything at all (Cohen:1969:93) since it accounts for social phenomena in terms of the structure of social

situations and is tautological because it assumes what it purports to explain. In Cohen's terms, therefore, action theory is a useful method rather than a theory to explain action (Cohen:1969:93).

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In terms of the cultural tree, Cohen's contribution is in adding complexity in terms of considerations of level of analysis and contingency factors. Cohen also provides a further theoretical justification for regarding different forms of analysis as complementary. In particular, Cohen recognises the importance of analytical dualism in studying the interdependent influence of the structure of ideas (the roots) and socio-cultural action (the leaves). As with the cultural tree, culture for Cohen constitutes a complex open 'self organising' system which is assumed to be embedded in an environment with which it interacts.

Social Interaction Theories

A key question for functionalists is that which relates to functional interdependence or systems integration. This refers to the way different sets of norms, values, role-structures, institutions, beliefs and symbols are interrelated within a social system. Cohen recognises that the degree of functional interdependence varies from one system to another (Cohen:1969:149) and posits that the only satisfactory explanation of the existence and variability of the phenomenon is one which explains it as the largely unintended product of social interaction over time (Cohen:1969:151). Cohen argues that, in all societies, participants in different social spheres will interact and normative influence will reflect pressures for normative compatibility, mutuality and

psychological consistency. However, the effect will depend upon the frequency of interactions between actors and the interactive 'distance' between institutional spheres (Cohen:1969:152). In more traditional societies, in which most actors participate diffusely through immediate and frequent relationships in many institutional contexts and there is a low degree of differentiation in the society, there is likely to be greater structural and cultural integration or functional interdependence (Cohen:1969:152). More complex and modern societies are less likely to display functional interdependence unless the goal of functional integration becomes an effective ideology. In other words culture, value-consensus, norms and institutions of co-operation, commitment, cohesion, solidarity, recognition of legitimate authority, societal stability and integration can all be seen as mutually re-enforcing elements in essentially morally-based, traditional, conservative communities. In the archetypal modern, complex society 'interests' are the basic element of social life rather than norms and values. Inducement and coercion, division and conflicts, contradictions, power and change are the mutually re-enforcing elements of social life which is assumed to be culture-free. 'Modern' and 'traditional' are, of course, archetypes and each society can be expected to contain elements of the characteristics of both.

The interaction approach may be seen as a compromise between holism and atomism in that it emphasises the micro-level interaction process as a mediator between the individual and the social structure in the unfolding of action. Social action usually involves situations in which actors encounter other actors whose characteristics or expectations are influential upon the outcome of this

interaction in a predictable (socially structured) way. Where this structure exists, interactions between actors will tend to “produce some degree of interrelatedness between the different standardised sets of actions : this aspect of social life can be called system” (Cohen:1969:95). Social ‘structure’ and ‘system’ are related aspects of social order as structure concerns social constraints upon action and system implies temporally structured reinforcing effects of one type of action upon another. The system of conventions in a society surrounding the problem of order are the temporally developed, standardised, social structures which result from the reinforcing effect of one set of structurally constrained activities upon another.

ADVANTAGES & DISADVANTAGES

In terms of the cultural tree, the social interactionists mainly focus upon the ‘leaves’ of everyday interaction. There is a recognition that interaction mediates between social and ideational structures and processes through the sense in which they are functionally interdependent. Social interaction assumes a greater degree of complexity than action theory and the organismic metaphor of the cultural tree sits more comfortably with this approach. Cohen (1969) appears to be the principal commentator of cultural aspects of social interaction. In terms of the ‘hierarchy of complexity’ represented in fig. 2.1 (page 41), Cohen’s more complex approach justifies his position as higher in the ranking than Weber.

The social self : Simmel, Tonnies and Mead

Georg Simmel and George Herbert Mead's ideas are "of direct relevance to an understanding of the schools of sociological thought which are located in the least objectivist regions of the functionalist paradigm" (Burrell and Morgan:1979:46) but also as contributing foundations for the development of the interpretivist paradigm. Simmel's approach, in contrast to action theories, was concerned with the notion of self or an "adequate theory of the active social subject" (Swingewood:1991:262) based upon 'sociation' and interaction. Simmel rejected many positivist assumptions about society as a determinist objective system (Swingewood:1991:133) and his eclectic approach drove a middle path between idealism and positivism through analysis of human association and interaction patterns (Burrell and Morgan:1979:69). This focused upon an intermediate level of analysis involving networks of relationships emphasising the importance of "subjectivity in everyday life" (Swingewood:1991:263). Simmel was concerned with revealing the 'form' or 'grammar' of social life which are patterns he assumed lay beneath its surface 'content' and involved a complex tension between the individual and his social world (Burrell and Morgan:1979:70). This approach allowed him to develop a framework which assumes that conflict and order are simultaneously inherent in social life and which characterises 'modern' man as alienated due to the denigration of the subjective spirit (Burrell and Morgan:1979:70). Simmel saw conflict, through reciprocity, and alienation as a positive social influence. Thus, this is significant in establishing the primacy of the 'problem of order' in sociological analysis (Burrell and Morgan:1979:73).

Tonnies shared with Simmel a humanist notion of sociology, defining its subject matter in terms of social interaction incorporating complex cultural meanings (Swingewood:1991:133). The sociological perspective concerns the mutuality of social relations, 'the social' flows from action and social reality exists only in the sense of being perceived by individuals (Swingewood: 1991:134). *Gemeinschaft* and *Gesellschaft* are formal, ideal types which constitute abstractions from the facts of social interaction, enabling an ordering to the variety and complexity of empirical 'reality' and conceding that all societies are characterised by elements of both (Swingewood:1991:134).

Like Simmel, G.H. Mead adopted a middle path between idealism and positivism. Mead conceived of the self "anti-atomistically, as a structure" (Swingewood : 1991:263) and attempted to examine the self in terms of its 'external' social experience and 'inner' consciousness (Swingewood:1991:264). For Mead, "the conscious human being evolves through a social process, a process of interaction which involves the development of language and hence 'mind' and 'self ' " (Burrell and Morgan:1979:74). Both 'mind' and 'self' are "social creations of everyday life " (Swingewood:1991:265) which enable human reason, reflection and symbolic communication. As a result, mind and self, consciousness and action are "thus collaborative not individual phenomena involving social roles, social relations and social institutions" (Swingewood:1991:265). Mead's work, as it involved a bio-social explanation of 'mind' and 'self ', incorporates culture and genetic influences as simultaneously influential upon behaviour. Mead adopts aspects of

subjectivism and objectivism. He rejects any single paradigm in favour of an ambivalent, eclectic approach (Burrell and Morgan:1979:75).

Mead and Simmel are concerned with the analysis of social processes characterised by an underlying pattern expressed through interaction (Burrell and Morgan:1979:76). Mead construes the 'self' as developing "through reciprocal relations with others and (as) both a subject and an object. The subject, described as 'I', is thinking and acting as a bio-social being and the object described as 'Me' is conscious of its social position within the group and the resultant expectations upon it." (Swingewood:1991:265). A self develops through language and symbols when the 'Me' and 'I' are equated so that the self interacts and unifies with itself and its culture. The self thus has a voluntaristic, individual, bio-social (creative, reflexive) domain and a deterministic, cultural domain which is structured through commonly shared values and imposes collective conformism and 'social order' (Swingewood:1991:265).

Mead has been influential in the interpretivist paradigm as well as within functionalism, but Burrell and Morgan detect a move away from the latter towards the former in the development of Mead's thought (Burrell and Morgan:1979:77). Mead's influence can be clearly discerned within social psychology and is evident particularly in Berry et al's (1992) 'bio-social' general theoretical framework and Hofstede's (1980) approach which is examined further in section 2.32 (page 96 below). Simmel and Mead's influence on

contemporary sociological theory has had the greatest impact through 'Chicago sociology' and symbolic interactionism in particular.

Symbolic interactionism is also founded upon Durkheim's conception of culture as collective representation and concerns the 'nuts and bolts' of the collective production of culture and "just how the collectivity goes about representing itself" (Griswold:1994:52). It is an aspect of collective production theory that focuses upon the role of interaction in cultural production and is concerned with how cultural participants learn their norms and roles and cultivate identity (Griswold:1994:53).

Symbolic interactionism, following Mead, assumes that 'intersubjective' meaning is located within the common symbols and modes of interaction of social groups and develops Mead's ideas concerning the role of everyday speech and gestures in the formation and structure of human society (Swingewood:1991:267). It constitutes a "general orientation which is concerned to understand social phenomena through the micro-analysis of human affairs" (Burrell and Morgan:1979:79) which has been interpreted differently by scholars adopting assumptions on the objective-subjective continuum, particularly between objectivist 'behavioural interactionism' and subjectivist 'phenomenological interactionism' (Burrell and Morgan:1979:79). The former approach is discussed in section 2.23 on 'Integrative theory' below and the latter in chapter 3.

ADVANTAGES & DISADVANTAGES

In terms of the cultural tree, the contribution of Simmel, Tonnies and Mead is to develop a conceptualisation of self which enables each individual 'leaf' to be understood. This understanding requires a multi-level approach which is consistent with the tree metaphor. The leaf has to be comprehended both as a phenomenon in its own right at one level, and as part of other phenomena at other levels. In taking a middle path between idealism and positivism, these theorists enable the pursuit of complementary inter-paradigmatic approaches. It becomes conceivable to simultaneously adopt the assumptions of voluntarism and determinism, epistemologies of positivism and interpretivism, and ideographic and nomothetic methods. It becomes possible to simultaneously explore the whole, using one type of method and its parts using another methodology. In other words, it becomes conceivable at different levels to examine the tree and its constituent parts. In terms of the 'hierarchy of complexity' depicted in fig. 2.1 (page 41 above), Simmel, Tonnies and Mead are positioned near the top of the hierarchy reflecting their importance to the evolution of a multidimensional conceptualisation of culture and an associated multi-level agenda for research operationalisation.

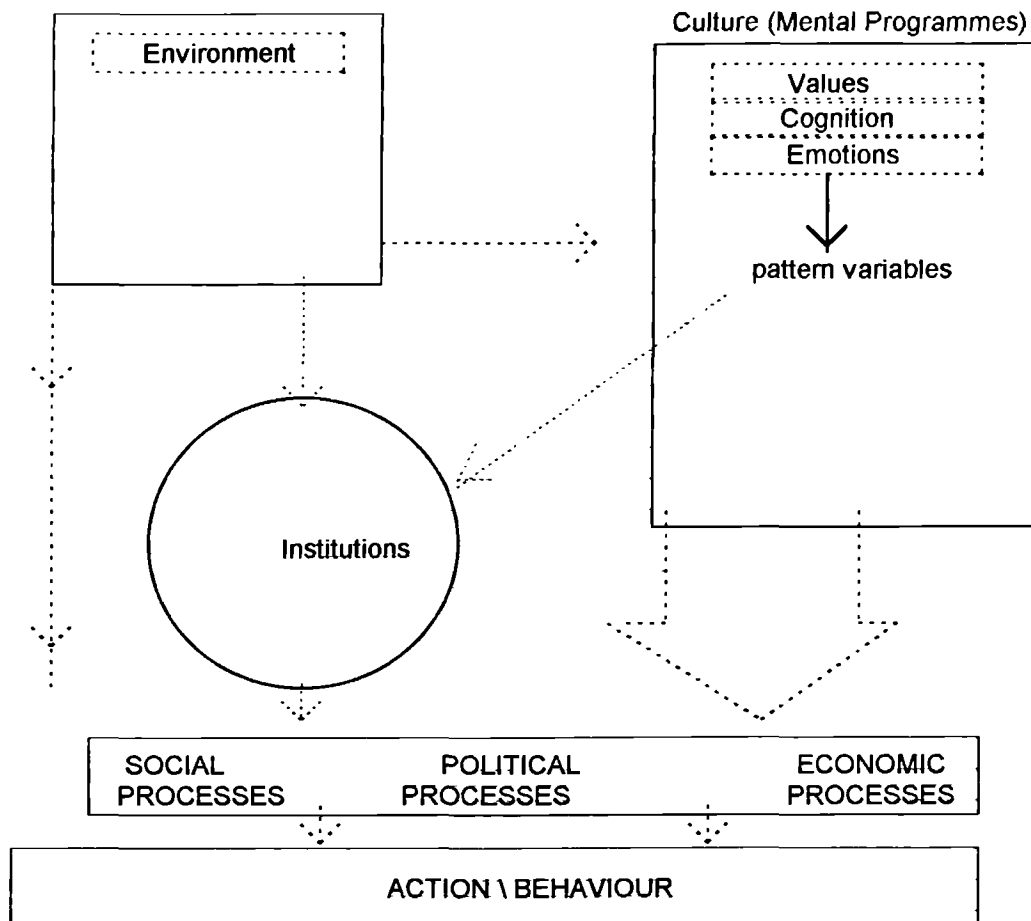
Talcott Parsons

Parson's (1949,1951) early work, including his work with Shils (1951), provides the most well-known attempt to construct a theory of action, structure and systems. He began with the assumption that action is directed by motivation towards goal attainment. Three realms of culture or aspects of the motivation

process are identified as evaluative (value-orientations), cathectic (affective, emotional) and cognitive (attitudes, beliefs). The goal-seeking actor must make choices about goals, have feelings about them in relation to his needs and have ideas about the objects which are relevant to their attainment. Values for Parsons are, therefore, a cultural realm involving goal choices which include cognitive, appreciative and moral standards which along with cathectic and cognitive realms "are made social through the process of interaction" (Cohen:1969:97). A pattern of mutual expectations of conduct will emerge. The pattern exhibits norms which define the roles of each actor resulting in a form of order and stability in the relationship. At the macro-level of the Parsonian social system, the system of values and other ideas are a cumulative product of social action and interaction between individual actors. Social action is linked to the characteristics of social systems which can be described in terms of five 'pattern variables' or dilemmas confronting actors in social situations.

These pattern variables describe dilemmas between affectivity and affective neutrality, specificity and diffuseness, universalism and particularism, quality (ascription) or performance (achievement), and self-orientation (individualism) or collectivity orientation. Hofstede considered that the problem with the reduced 'pattern variables' was that they confused psychological variables which operate at different levels of analysis and thus the model suffers from the 'ecological fallacy' (Hofstede:1984:37). In other words, Hofstede accuses Parsons of the contradiction of conflating individual personality and group culture into the same domain whilst identifying them as separate levels of abstraction within the social system. The Parsonian system is shown in fig 2.2.

Fig 2.2: Parsons' & Shils' General Theory of Action



Interpretations of Parsons

Cohen (1969:99) remarks that these are not all freely chosen dilemmas as some of them are provided to the actor externally by societal norms and some are not solved as pure dilemmas. Cohen also suggests that these pairs of dilemmas may not exhaust all of the possibilities of orientation in social action and is too reductionist. He also reports on criticisms of Parsons which claim that his model fails to explain why societies have certain characteristics (Cohen:1969:101) or ways in which the process of standardisation occurs in social systems. Cohen concludes that it was not intended to do so, as it was

designed to explain why these elements exist rather than how they form (Cohen:1969:102). Cohen categorises criticisms of Parsons into three types which include those who denounce him as asking the wrong questions, those who denounce him for giving the wrong answers, and those who accept some of his arguments but challenge some of his assumptions (Cohen:1969:106).

The examination of these critics enables Cohen to construct a scheme of his own (Cohen:1969:109) to describe social action and interaction. Cohen's scheme identifies internal and external factors which are social constraints producing socially standardised conduct. Internal factors are constituted by 'natural' (mostly innate or genetically inherited) dispositions and 'cultural' dispositions, whereas external factors are constituted by 'social actors' or 'physical objects'. Social actors are further divisible into 'institutional' and 'non-institutional' and objects can be 'fashioned' or 'unfashioned'. Cohen's scheme regards 'culture' as an internalised social constraint factor which has different effects in different types of society when interrelating with external factors. Culture's effects upon social action and interaction, using this perspective, can only be examined when one considers the interaction of culture with external factors. In the examination of culture and institutions, Cohen identifies variance in social action and interaction by the differences in consistency between externally determined institutional norms of conduct and internally determined cultural values so "in some social systems the institutional structure and cultural dispositions towards them may be of overriding importance" (Cohen:1969:119). Commitment to institutional norms may be expected to vary from one situation to another and from one society to another and as such the

extent to which institutional norms are culturally internalised is unlikely to be uniform. Put another way, "the proportion of internal to external pressures within an institutional structure can vary from one type to another" (Cohen:1969:119) and the internal distinction between natural and cultural dispositions may be blurred in more traditional societies than in mature industrialised societies.

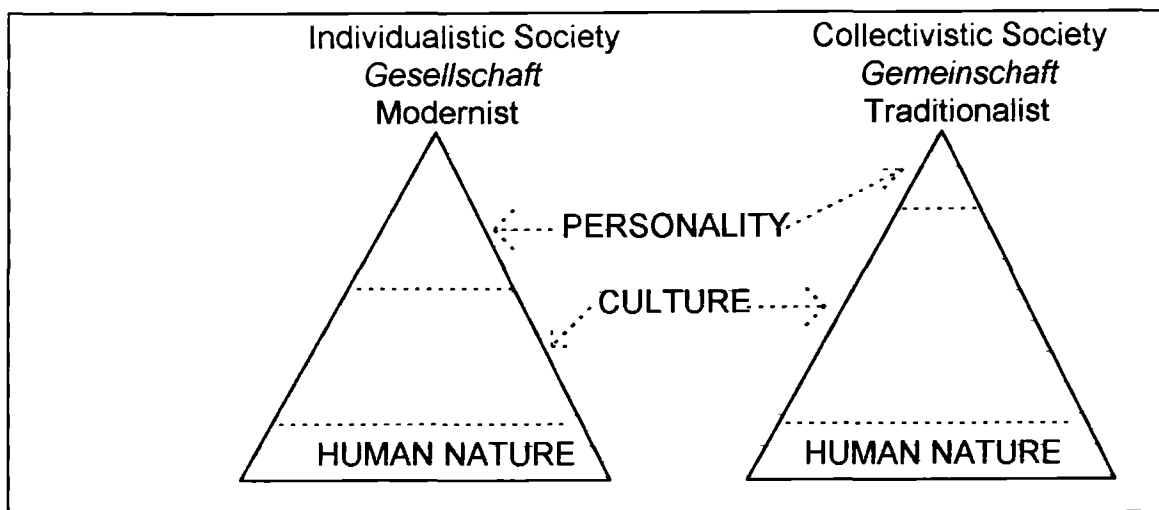
For Cohen, understanding social action and interaction requires a commitment to understanding the importance, nature and characteristics of cultural *and* institutional factors which determine them and social theories devised by Westerners must be screened for ethnocentric (cultural and institutional) assumptions before they can be considered for use outside the West.

Culture may well be a relatively more important influence in traditionally oriented societies. This can also be explained from a psychological perspective using Hofstede's concept of 'mental programs' which are intangible psychological forces influencing and inferred from human behaviour (Hofstede:1984:14). Traditionalist societies and Modernist societies are expected to have differently configured mental programs as shown in fig 2.3. Using this perspective, 'culture' is a construct we can use to as a category of 'mental program' which concerns that which is specific to groups and transmitted through learning, mostly via language.

Parsons effectively conflates the cognitive realm (comprising ideas and beliefs) and the cathectic realm (affective / emotional) to a hybrid which effectively "rules out analysis of affectively and evaluatively neutral, taken-for-granted

aspects of routine behaviour ex cathedra” (DiMaggio and Powell:1991:17). This conflation of cognitive and cathectic realms of culture by Parsons is compounded by the subsequent domination of studies involving culture by evaluative models such as Hofstede's 4-D (Four Dimensions) model of values (Hofstede:1980).

Fig 2.3: Differences in Importance of Mental Programs in Two Societies



Culture for Parsons (1951) is considered when the social system is examined. It is one of three levels of abstraction (along with social systems and personality) which relate to nature of social action and is an “interrelated system of shared values, beliefs and symbols ” (Cohen:1969:101) found in groups. Cultural factors (such as values) for Parsons are “important in influencing the motivations and perceptions of the actors, and their choice and means of goal-attainment” (Cohen:1969:104). Parsons assumes the internalisation of culture as part of personality which derives from Freudian object-relations theory where the parent-child relationship is the prototype for subsequent ordered social interaction and ‘institutional integration’ (DiMaggio

and Powell: 1991:16). Institutions are regarded by Parsons as constellations of predictable customary roles within the social system which provide regularities along with other roles, cultural and personality elements that sustain social order. Institutional sectors in complex social systems 'specialise' in the tasks of resolving a set of problems faced by all societies. Values can be characterised by 'pattern variables' and are elements which set limits upon the range of norms and how they co-exist and thus play a vital part in prescribing goals and the means attached to achieving them. As such, they are vital to the establishment and maintenance of order through consensus of meaning in the Parsonian system. Parsons recognises that each society will show different configurations of social system, culture and personality and identifies strains within every system. Values, as consensus building, norm configuring and goal prescribing influences will, therefore, vary from one society to another in terms of importance and effect.

ADVANTAGES & DISADVANTAGES

Despite the criticisms of Parsons, his work has an enduring influence upon investigations of culture and its role within social science. In terms of the cultural tree, Parson's model appears to contain all the basic elements of the tree including values and other mental programmes at the roots, institutions at the trunk and branches, and socio-cultural interaction at the leaves. It also recognises different levels of analysis at 'macro' and 'micro' level. In comparison to the cultural tree, it constitutes a mechanistic, static equilibrating system rather than a self-organising, homeostatic, open system and the interpretation of Cohen may be seen as an attempt to convert Parson's ideas

from the former to the latter. Crucially in the context of Hong Kong, Parson's recognises that the cultural tree's characteristics are not universally homogenous. In terms of the hierarchy of complexity represented in fig. 2.1 (page 41 above), Parsons is characterised as a type 'A' which is a functionalist theory which satisfies the basic criteria of a multidimensional cultural conceptualisation and multi-level agenda for research operationalisation. Parson's influence in cultural studies is a lasting one and it continues to be influential in this thesis through its contribution to the construction of a theoretical framework in chapter 4.

2.23 Integrative Theory

Integrative theory occupies the 'middle ground' within the functionalist paradigm and seeks to integrate elements of interactionism and social systems theory (Burrell and Morgan:1979:87). The principal variants share the assumption that the achievement of social order is problematic and therefore requiring explanation (Burrell and Morgan:1979:88) and attempt to develop functionalist theory by synthesising its divergent elements (Burrell and Morgan:1979:102). All the contributions to the paradigm originate from a Western intellectual tradition which has Western historical antecedents and addresses Western problems. As a result, the question of relevance of the paradigm for explaining conditions in Hong Kong and Southeast Asia must be posed.

Merton's general functionalism

Merton's general functionalism opposed the assumptions of seamless functional integration of equilibrated social systems and normative 'value consensus' proposed by the normative functionalism of Durkheim, Weber and Parsons (Swingewood:1991:233). Merton postulates that functional integration is contrary to social reality and the dysfunctional consequences of differing or opposing values in modern societies (Swingewood:1991:234). Merton distinguishes 'manifest' from 'latent' functions (Swingewood:1991:240) which separate intended and recognised consequences from unintended and unrecognised consequences facilitating adjustment and adaptation of the system. In doing so, Merton changes the focus from common-sense knowledge to hidden components of socio-cultural processes (Swingewood:1991:240) and develops an essentially more flexible form of functionalism.

In examining anomie, Merton provides a typology of individual adaptations to the disjunction between culturally induced aspirations, norms and goals and socially structured obstacles to their realisation (Swingewood:1991:242). Within the typology, adaptations of individuals in a modern economy range from conformity to rebellion. This enables the expression of co-operation and conflict consecutively, which repudiates one of the bases of Burrell and Morgan's paradigm thesis; namely that sociological theories emphasising conflict are incommensurate with those focused on consensus. Some functionalists have been prepared to investigate conflict. Parsons "has not shirked from analysing" social change, revolution and anomie

(Swingewood:1991:244) but social order rather than class conflict constitutes the central element within the social system. Conflict is seen as a consequence of the breakdown of social control resulting from disequilibrium rather than as a source of change in Parsons work. Within functionalist sociology Coser, building upon the work of Simmel, provides a more dynamic model than Parsons for the constitutive role played by institutionalised conflict which can be regarded as a positive function in maintaining an equilibrium (Swingewood:1991:246).

Despite Merton's departure from Parsons on the assumption of value consensus both types of functionalism emphasise social systems and the role of socialisation in their maintenance and "both types of functionalism postulate the view that social integration is a consequence of both normative and structural forces and cannot be reduced to one or the other" (Swingewood:1991:234). The enduring criticism of functionalism is that it is essentially conservative since "it eliminates power and class interests as important and enduring structural principles in the formation of inequality" (Swingewood:1991:251). This criticism can be upheld in considering modern Western industrial societies but it may be that this reflects conditions and historical class divisions in the West which are not evident or constituted in the same form outside the Western milieu.

Merton's contribution to cultural studies is classified as a 'type A' in the hierarchy of complexity represented by fig.2.1 (page 41 above). Along with Coser, Merton is instrumental in developing the idea of the co-evolution of

cultural and structural aspects of social action as well as promoting the idea of the simultaneity of order and conflict. As a result Merton's influence upon the evolution of a complex multidimensional conceptualisation of culture with an accompanying multi-level research agenda is recognised.

Functionalism, conflict and stratification

Coser's conflict functionalism follows the sociological tradition of Simmel in emphasising that conflict functions positively in terms of social structure and can be regarded as a critique of Parson's static equilibrium model (Swingewood:1991:247). The process of 'institutionalisation' of conflict is seen as a functionally balancing, maintaining, regulating, equilibrating and stabilising influence upon society by enabling structural readjustment which promotes its adaptability (Swingewood:1991:247). Coser depicts pluralistic, open, democratic societies as more successfully institutionalising conflict, avoiding stratification and maintaining a better balance within the social structure than that which is found in totalitarian societies (Swingewood:1991:248).

Davis and Moore (1969) elaborate a functionalist theory of stratification which recognises that stratification inevitably means structured social inequality the nature of which will depend upon the level of social development and the scarcity of resources but that this is justifiable in terms of functionally differential occupational roles and motivation (Swingewood:1991:249). Coser's approach, and functionalism in general, present difficulties in analysis of modern Western societies since it fails to recognise the importance of socio-

cultural antecedents, such as inheritance and class, in stratification. Stratification is regarded by functionalists as a means of integrating the social system around a set of values that legitimate the status quo (Swingewood:1991:249).

ADVANTAGES & DISADVANTAGES

In terms of the cultural tree, Merton and Coser critically examine the Western tree and help to establish that conflict and co-operation approaches are complementary. They serve to further develop the closed, equilibrating system's approach of Parson's towards a more complex, multi-level 'open' systems approach which is consonant with the cultural tree depicted in this thesis. The relevance of their approach to conditions in Hong Kong is, however, still open to question.

The work of Blau (1964) contributes to resolving these deficiencies. Blau attempts to synthesise elements of micro-level interactionism with macro-level social systems theory and, following Simmel, focuses upon the study of human association as the central problem for sociology (Burrell and Morgan:1979:88). For Blau, social structure can be understood as an 'emergent process' involving social exchange and the legitimisation of power enabling social integration and control (Burrell and Morgan:1979:89). Blau emphasises the importance of human association and the role of exchange and power as an antidote to the preoccupation with value orientations in contemporary social theory. In other words, the structure and dynamic processes of social relations are not solely determined by the macro-level culture but by everyday micro-

level association involving the pragmatics of exchange and power. As with Simmel, conflicts for Blau are potentially a positive social influence in modern societies and thus a significant influence in establishing the primacy of the 'problem of order' in sociological analysis. Conflicts are a source of change and social reorganisation in a dialectic pattern for Blau since the creation of new problems and shifting allegiances at micro-level association prevents the entrenchment of conflict. Change is therefore characterised by "alternating patterns of intermittent social reorganisation" (Burrell and Morgan:1979:90).

Buckley's morphogenic systems

Buckley's (1967) work introduces modern systems theory to the social sciences which attempts to explain the processes of structural change in modern Western societies (Burrell and Morgan:1979:99). Buckley synthesises modern systems theory with interactionism and other aspects of functionalism, abandoning mechanical and organic metaphors as inappropriate for understanding morphogenic socio-cultural systems (Burrell and Morgan: 1979:100). As with Blau, Buckley attempts to synthesise micro and macro levels of analysis. The process model depicts elements linked by 'intercommunication of information' rather than by physical forces or 'energies' and the socio-cultural system as emerging "from a network of interaction among individuals in which information is selectively perceived and interpreted in accordance with the meaning it holds for the actors involved" (Burrell and Morgan:1979:99). Information is regarded as a relation, a 'carrier of meaning' and society as an "organisation of meanings which emerge from the process of interaction between individuals dealing with a more or less common

environment" (Burrell and Morgan:1979:101). Meanings may become structures generalised as codes, rules or behavioural norms. They inform upon the process of social organisation but are not in themselves the process.

Archer's myth of cultural integration and proposition of cultural morphogenesis.

Giddens' (1984) attempt to synthesise social structure and agency in his propositions for 'structuration'. This involves the co-operation and conflict prevailing between the macroscopic material interests of the parts of the social structure with microscopic and everyday interaction between social agents involving the co-operation and conflict surrounding the accommodation of material interests. Lockwood (1964) previously identified a distinction between 'system integration' describing an interaction between macroscopic interests and 'social integration' or microscopic functions.

For both Lockwood and Giddens, social change could only be explained through the interplay of the analytically distinct, dual social domains of structure and agency. More recently this kind of analytical dualism has been extended into the cultural realm by Margaret Archer (1996).

As a result, building upon the work of Blau and Buckley, Archer develops an approach consistent with the cultural tree as an open system characterised by multi-level structures and self-organisation. This approach eschews deterministic assumptions and adopts the position of the mutual influence of culture, structure and agency. The cultural tree suggests that the roots, trunk and branches, and leaves are all manifestations of a whole which both

determines them and is determined by them. The tree also exists in a wider environment which it influences, as well as being influenced by it. Archer's approach is consistent with the tree metaphor in that it assumes multiple-levels of relationships between 'parts' and 'whole'.

Archer proposes that, just as an analytical dualism involving structure and agency enhances our ability to understand social order and social change, so does an analytical dualism involving cultural agency enhance explanation of cultural stasis, or cultural change. Archer's thesis is that structure pre-dates interaction in both social and cultural realms and, as such, the two are not co-existent and should not be conflated, since this has the effect of obscuring the interplay between them and the potential for understanding social and cultural dynamics (Archer:1996:97).

The myth of cultural integration, according to Archer, lies at the heart of misconceptions of culture within social science. Conflation of the two levels of analysis (the macroscopic Cultural System level or 'roots' and the microscopic Socio-Cultural interaction level or 'leaves') means that one form is invariably held to be the determinant influence and the other the epiphenomenal dependent variable (Archer:1996:97). 'Downward conflation' denotes the Cultural System characterised by the 'logical relations of ideas' (or the extent of consistency between the component parts of culture) and is held to determine Socio-Cultural interaction (or the effect of causal relations of ideas between agents) through regulation and socialisation. 'Upward conflation' implies that the Socio-Cultural level determines the Cultural System and 'causal' ideational

interaction configures the 'logical' ideational structure. 'Central conflation' means an elision occurs in the middle as the two levels are held inseparable and mutually constitutive; 'logical' is again confounded with 'causal' and autonomy is withheld from both levels. In all three forms of conflation, the Myth of Cultural Integration is sustained through the preclusion of analysis of the interplay between the macroscopic and microscopic cultural levels as a consequence of one level being rendered inert as the passive dependent variable. An inadequate conceptualisation of cultural dynamics and crude unilateralism forms a basis of inappropriate methodology (Archer:1996:99) and it becomes impossible to conceive of the stability or change within the two levels as being anything other than consistent. For example, it is difficult to conceive of coherent integrated Socio-Cultural interaction unless the Cultural System is equally coherent and integrated. The implication is that this fallacy when duplicated in social and cultural theory is the source of the assumption of order inherent in the establishment of the 'problem of order' as central to functionalism and interpretivism (Archer: 1996:100).

Archer views the conditions for cultural stability or change as rooted in the conjunction between socio-cultural integration and cultural systems integration. Because structure pre-dates interaction, analysis must begin with the cultural system. This involves analysis of the historical derivation of the current context of cultural structure. The structure of the ideational cultural system involves the 'logical relations of ideas'. Ideational systems include relations of ideas, or propositions, which are either contradictions, which mould problem-ridden situational contexts for actors, or 'complimentarities', which configure problem-

free situational contexts. The analysis of the socio-cultural system therefore involves the examination of causal relations of ideas which emanate from interaction between agents, are rooted in their material interests and are co-determined with propositional ideas derived from the cultural system.

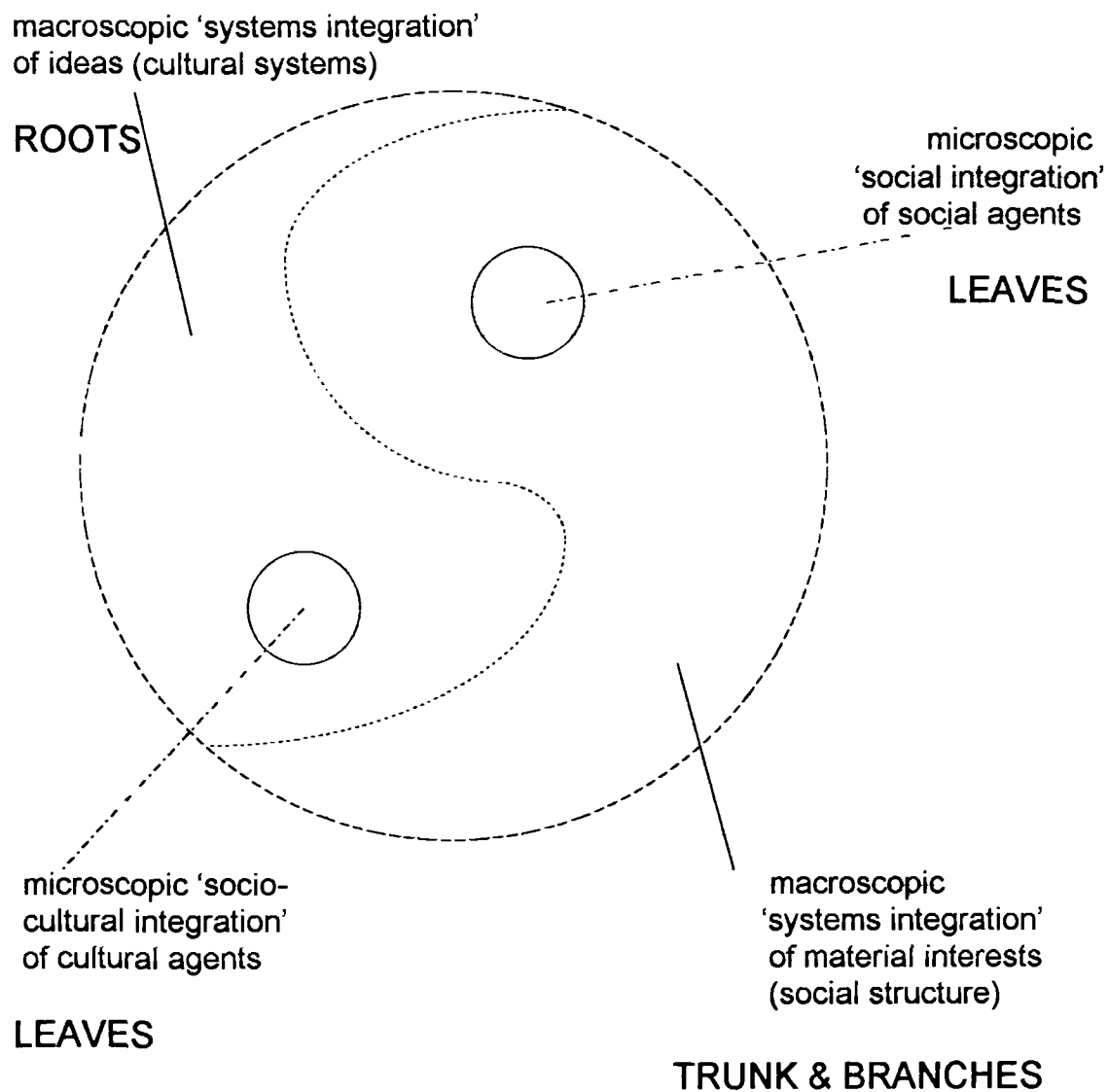
Archer's approach is based upon the morphogenic systems approach of Buckley and is shown in fig 2.3. It may be regarded as an application of analytical dualism transferred to the cultural domain. It assumes a sequence of systematic cultural conditioning followed by socio-cultural interaction and cultural morphogenesis which incorporates elements of determinism and voluntarism. It sees cultural transformation as a product of the situational logics resulting from the interplay between cultural system integration and socio-cultural integration. This provides the potential for conceptual and theoretical unification of structuralist and culturist approaches *pace* the hypothesis of Burrell and Morgan's (1979) paradigm thesis: namely that social theories emphasising conflict are incommensurate with those focused on consensus.

Building upon the work of Blau and Buckley, Archer's multidimensional conceptualisations of culture are characterised by:-

- i) an assumption of a complex interrelationship between different levels of culture.
- ii) an assumption of a complex interrelationship between several indicators within each level of culture.
- iii) an assumption of a complex interrelationship between culture as an 'ideational domain' and the corresponding or parallel domain of social, political and economic 'interests'.
- iv) avoidance of ethnocentric assumptions about the of development of a universal modern industrial liberal democratic culture towards which all societies are converging.

As a consequence culture can be examined using Archer's morphogenic systems by using contributions from many different perspectives, all of which can be regarded as having a valid contribution to furtherance of the understanding of culture.

Fig 2.4: Archer's 'Open Systems' Approach in Taoist Context



This requires the employment of tolerance of different perspectives, particularly if such perspectives challenge our ingrained assumptions about the nature of

culture or the relevance of methods of investigating it. It also requires the acceptance of the complementarity of apparently 'incommensurate' paradigms and the prospect of 'paradigm crossing' as a strategy to further understanding of culture.

An alternative emerging holistic and synthetic approach to cultural examination from the work of Archer as well as from Wendy Griswold (1994) and Ronnie Lessem (1989, 1990) suggests that structural and cultural approaches are not incommensurate but complementary if used at different levels. Exploration of the commensurability of structural and cultural approaches, through a synthetic theory which enables understanding of conflict and consensus, change and order as simultaneous phenomena is the most promising course for future scholarship.

As we shall see these sentiments, and the work of Buckley, Archer, Griswold, Lessem and Hofstede, have most influenced the theoretical foundations and empirical investigations conducted in this thesis.

The issues and questions discussed so far lead the discussion to move beyond the purely sociological domain to examine contributions to the study of culture from social psychology.

2.3 CULTURAL STUDIES WITHIN SOCIAL PSYCHOLOGY

This section reviews principal contributions from Social Psychology to the study of comparative culture at a macro-level, which usually involves the concept of 'national culture'. The work of two influential writers on national culture form the central focus of the section. These authors have been chosen because of the impact of their work on our understanding of national culture and its influence on work and organisations. The authors; Hofstede and Schwartz, have both provided models enabling national cross-cultural comparisons. Hofstede's models are further explored for organisational consequences in chapter 3. in recognition of his seminal contribution to both general and organisational cultural theory. In order to facilitate national comparisons, examples are cited throughout the section contrasting Western and Eastern cultures and specifically comparing Britain and Hong Kong. These areas and countries are selected because of their substantially different cultural characteristics according to the models provided by both of these 'principal writers'. Differences in economic performance between many countries (like Hong Kong) in the East, which have experienced remarkably high growth, are compared to others (like Britain) in the West (Bond and Hofstede:1990) despite recent crises in Eastern markets.

Impressive economic growth in The Pacific Rim has coincided with a growth in the application of the concept of 'culture' to organisations, management and economic development. Since economies like Japan and Hong Kong have experienced decades of high growth, in comparison to economies like The U.K.

which has been *relatively* stagnant, culture as a partial explanation of the difference becomes a variable worthy of closer examination. Initially, the success of Japanese industry prompted studies like Theory Z (Ouchi:1981) ascribing this success to social policies and management methods originating in Japanese culture. More recently, the Overseas Chinese have come under scrutiny to identify cultural reasons for the phenomenal success of Hong Kong, Taiwan and Singapore. This is not to say that culture is *the* single determinant of economic growth, but in relation to Hong Kong and other Overseas Chinese societies it has been argued that economic success is at least partly due to the economic and wealth-orientation of the culture. As such, according to this approach, national culture warrants inclusion as a contingency variable found within the environment in which organisations operate.

Gordon Redding (1990) proposes that culture is particularly influential in the economic sphere within Overseas Chinese communities and describes their culture as an 'economic culture'. The implication is that Chinese national culture is a fundamentally important influence on the economic behaviour of Overseas Chinese organisations. It is, however, dangerous to regard the concept of "economic culture" as deterministic as, according to Redding the :-

"Overseas Chinese have an apparent distinct economic culture, that is describable, and the outline of its determinants can be drawn. It is still necessary to place it in a larger framework of explanation if the question of macro-economic performance is to be a consideration " and " it is necessary to reassert that it [culture] is not seen as *the* dominant cause of economic success, obliterating or ignoring other factors like economic policy . Culture is one of several key features deserving a respectable place in any account "

(Redding.1990.12).

Lack of consensus in the study of 'culture' begins with the initial problem of definition. In describing and explaining culture, we are faced with considerable

difficulties (Ralston et al:1993:250) resulting in a tendency for researchers to provide a selection of definitions which best capture its essence. This has generated a plethora of definitions, documented in a survey of definitions by Kroeber and Kluckhohn (1963) suggesting six major classes of definition which give rise to hundreds of definitions.

Larry Brownstein, a British sociologist, has provided one of the most comprehensive reviews of approaches to and definitions of culture (Brownstein:1995). In developing his own definition he distils 'gems' from the definitions under review and focuses upon the notion of culture as consisting of "intensional objects that comprise a society's information system" (Brownstein:1995:329). 'Intensional objects' are non-physical entities or psychological manifestations organised into interacting structures such as religious beliefs or propositional attitudes constituting a societal information system. Brownstein explains culture by using a metaphor to reflect on the relationship between society and culture (Brownstein:1995:330). Society as a system of apparent interactive relationships is likened to the 'brain' whereas culture as a system which organises society's information system is likened to the 'mind'. The brain and the mind are reflections of each other and co-determined, but the main differentiation is that the brain (society) is manifest, more explicit and empirically examinable, whereas the mind (culture) is less so.

Culture as 'mind' is, therefore, the distinctive, nontemporal and nonspatial aspect of 'self-organising' human systems (Capra:1982:316). The human mind creates a subjective inner world (constituted by self-awareness, concepts, art,

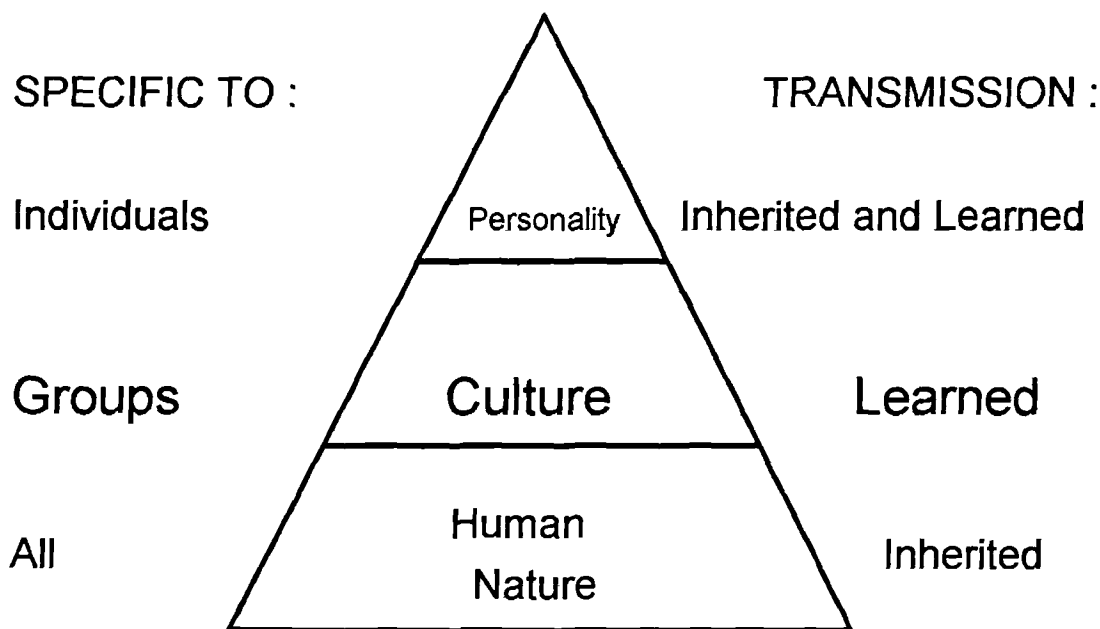
experience, values and expectations, purposes, symbols, perceptions} that mirrors an outer reality (Capra:1982:320). The environment is, therefore, interpreted through these subjective perceptual filters. Response to the environment is governed by the interplay between the changing outer and inner world. The environment, thus, shapes and is shaped by the collective conscious 'mind' of human culture. Mind exhibits the characteristics of stratified order also characteristic in the cultural tree metaphor. Culture as mind "is a multi-levelled and integrated pattern of processes that represent the dynamics of human self-organisation" (Capra:1982:322) which enables social evolution in dynamic cycles of rhythmic fluctuation (Capra: 1982:326) between continuity and change.

The emergence of the conscious 'mind' metaphor in organisational analysis, as the consequence of the emergence of an 'evolutionary' paradigm which is in the process of displacing 'mechanistic' and 'organismic' paradigms, is explored through the idea of the 'triune-brain' (Broekstra:1996). The suggestion is that the consciousness of complex, multi-levelled, living systems, means that the self-organising network is likely to become the normative organisational form in the coming era. The conscious 'mind' metaphor, as we shall see, shares considerable 'domain similarities' with the relational network of Chinese Family Business in Hong Kong. The 'mind' metaphor may be, for some, more appropriate than the 'cultural tree' in interpreting the complexities of Hong Kong business networks in that it evokes a conception of a conscious, intelligent and learning system. However, in operationalising the study, Hofstede's 4-D model has been employed to examine part of the system. As

Hofstede also employs the metaphor of culture as 'software of the mind', it was considered that using several mental metaphors would lead to confusion.

Hofstede characterises culture as a type of 'mental program' which is specific to groups and distinguishable from other 'mental programs' like Human Nature and Personality (fig. 2.5).

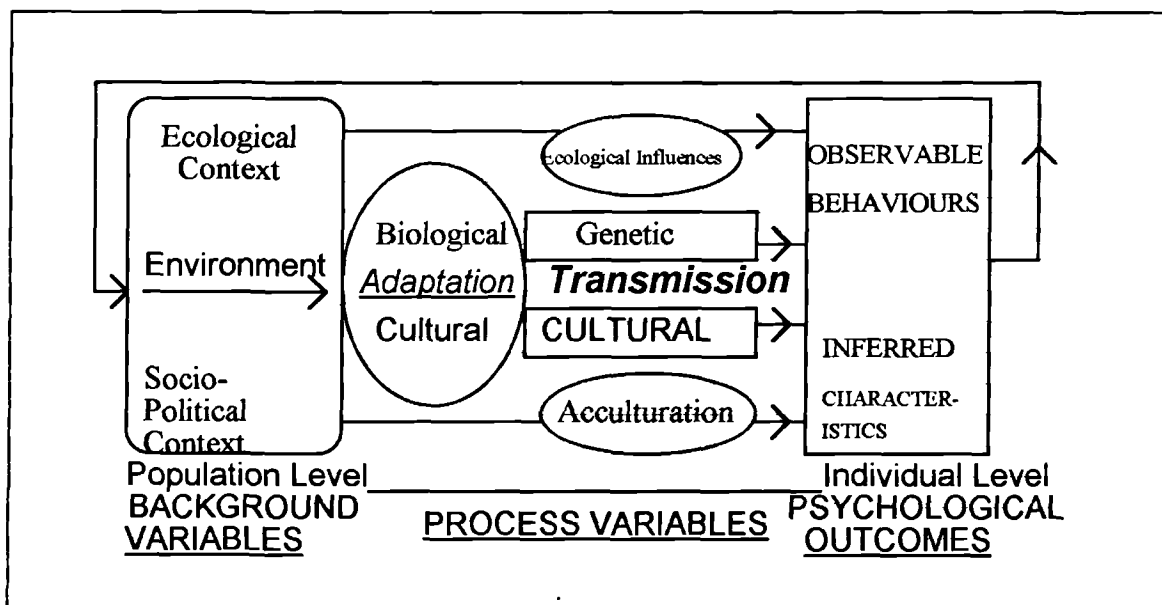
Fig. 2.5: Levels of Mental Programming (adapted from Hofstede: 1991 :6)



Within psychological study relating to the comparative examination of culture, which we may term cross-cultural psychology, there does appear to be some consensus as to definitions and functions of culture. There seems to be a general acceptance that culture is something peculiar to the human species and its unique ability to *learn*, principally through *communication*, mostly via language. The learning occurs through formal socialisation and informal enculturation which are social (collective) mechanisms through which we construct a reality which configures behavioural parameters. Culture does not

concern individual behaviour as it involves a shared system of meanings about 'reality' learned amongst groups. Seen this way, culture may be regarded as an 'invisible filter' of values and norms which acts as an intervening variable between the environment and human behaviour. The definition of cross-cultural psychology reflects this perspective as *"the study of similarities and differences in individual psychological functioning in various cultural and ethnic groups; of the relationships between psychological variables and sociocultural, ecological, and biological variables ; and of current changes in these variables"* (Berry et al.:1992:2). This view is represented diagrammatically in fig.2.6.

Fig. 2.6: Conceptual Framework for Cross-cultural Psychology
[adapted from Berry et al.:1992:12]



Cross-cultural psychology, for Berry et al. (1992), is consequently an interdisciplinary subject acting between and synthesising mostly collective-level, phenomenological, naturalistic analyses (such as anthropological study) and mostly individual-level, positivistic, experimental analyses (such as

psychology). The subject also attempts to identify and synthesise both nomothetic and ideographic or 'emic' approaches and maintains a position of non-ethnocentric *cultural relativism* whilst engaging in a search for some universally applicable 'laws'. It is the modern equivalent of a set of fundamental questions asked by scholars for several centuries (Jahoda:1995).

This general approach is analogous to the Indian fable of the elephant and the blind men. The fable tells of the blind men who independently examining the elephant by touch could not understand what the animal was until they combined their experiences and through co-operation finally understood the object of their examination. The sentiment is that different types of 'blindness' (i.e. anthropology and psychology) in social science require interdisciplinary co-operation of 'blind' social scientists in order to understand and see the subject more clearly.

The interaction between the environment, culture and behaviour is three-way, in that behaviour can affect culture and the environment, although the emphasis of most studies pertains to the effect of the environment on culture and consequent behaviour. A central idea is that of cultural systems operating as providers of solutions to problems faced by human groups (Trompenaars:1993:6). Such systems have social structures related to the form of social control used (using socialisation, enculturation and the law) to enforce norms of values which delineate the parameters of acceptable behaviour. Culture therefore involves processes of nurturing through social stimuli a set of broadly held expectations of behaviour, thereby forming the basis for the

behaviour of individuals (Segall et al:1990). In terms of the cultural tree, the approach may be seen as focusing upon understanding intrinsic ideational aspects of the 'roots' and their mutual influence upon leaves, mitigated by influences of institutional and structural 'trunk and branches'

A crude but helpful analogy has been made with regard to computers which require an operating system to tell them about the environment and their capabilities. In human terms, therefore, culture has been likened by Hofstede to 'Software of the mind' in the form of 'collective mental programmes' which configure our understanding self, of the environment, and the parameters of acceptable behaviour (Hofstede:1991).

2.31 Foundation Studies

Kluckhohn and Strodtbeck's (1961) study is an anthropological study which has been widely quoted and used in cross-cultural research. As with most 'etic' studies of culture, this study recognises that diversity exists both within and between cultures. It focuses upon contrasting commonly accepted norms or 'orientations' between societies which results in stereotyping (Adler:1991:17). Kluckhohn and Strodtbeck discuss a set of stereotypical assumptions concerning universal human problems which enables understanding of societies (Adler:1991:18).

Values are defined by Kluckhohn and Strodtbeck (1961) as explicit or implicit conceptions of the *desirable* which influences the selection from available modes, means, and ends of action. The samples consisted of individuals from

separate communities within rural south-eastern U.S.A. and the instruments used were short stories that posed problems and alternative solutions. From the responses, Kluckhohn and Strodbeck were able to classify value orientations into five dimensions. The emphasis of this model is upon the idea that cultures respond to their environment through cultural assumptions which provide a framework for problem evaluation by combining cognitive, affective and directive dimensions. There are six basic common human modes of action reflecting orientations to human nature (evil-mixed-good), nature (subjugation-harmony-mastery), activity (being-being in becoming-doing), relationships (lineality-collaterality-individualism), time (past-present-future) and space (private-mixed-public) with corresponding cultural assumptions 'designed' to deal with them. The six dimensions describe the normative cultural orientations of societies towards people's qualities as individuals, their relationship to nature and the world, their primary type of activity, their relationship to other people and orientation to time and space. Each orientation reflects a value with attitudinal and behavioural implications (Adler:1991:19). Usunier (1993:64) synthesises Kluckhohn and Stodtbeck's model with Hofstede's (1980) four dimensions implying basic compatibility and synergy between the two and thus supports the validity of both models.

The main problem with the 1961 study by Kluckhohn and Strodbeck is that it is empirically supported by field research within a region of a single nation state (USA) among five small communities and as such constitutes "ethnic psychology" (Berry et al.:1992:2). To assume that findings from such a limited sample can be extrapolated to all human societies as cultural universals must

be regarded with suspicion. The value of the study is principally in showing that “some general characterisations of cultural groups were possible using standard values measures” (Berry et al.:1992:2).

The Rokeach Value Survey (RVS)

Rokeach (1968, 1973, 1979) has had a considerable influence on the study of values which he considers to be abstract ideals representing actors beliefs about conduct and goals. Values are beliefs that “transcendentally guide actions and judgments across specific objects and situations” (Rokeach: 1968: 160). Rokeach focuses on the individual values of managers and sees them as important underlying influences on conduct and goals through attitudes which are orientations towards specific objects and situations. In other words, values and attitudes are considered to be the ‘non-specific’ and ‘specific’ orientations influencing action or behaviour.

Rokeach, studying values in psychology using a US sample of about 1460 respondents, distinguished two types of individual-level values; namely instrumental and terminal values. Instrumental values are those concerning the modes of behaviour considered appropriate as the means to attain ‘terminal’ values, namely the idealised end-states of existence. Eighteen instrumental and eighteen terminal values were ranked by respondents, some showing clear value differences with age (Rokeach:1973:396). The values derived by Rokeach (1973) through his values survey (RVS) are presented in table 2.1. (below).

Through the use of factor analysis, Rokeach was able to derive seven bipolar factors which can be used to characterise differences between cultural groups. The factors are labelled Immediate vs. Delayed Gratification, Competence vs. Conscience, Self-Construction vs. Self-Expansion, Social vs. Personal Orientation, Societal vs. Family Security, Respect vs. Love and Outer vs. Inner Directed. These factors are interesting and resemble in some ways those constructed by Parsons (1951) and Kluckhohn and Strodtbeck (1961), but the median reliability for instrumental and terminal values at 0.69 and 0.61 is of relatively low correlation (Rokeach and Ball-Rokeach :1989: 775). Another problem is that the factor analysis is derived from US data and the factorial structure as well as the interpretation of meaning of the instrumental and terminal values is American which makes the reliability of the RVS for international cultural comparisons questionable. Despite this RVS has been used quite extensively in studies of values.

Ng et al : RVS in Pacific Rim countries

S. H. Ng and his colleagues used a modified RVS in nine Pacific Asian countries (Ng et al:1982) to a sample of 100 students in each of ten cultural groups. The outcome added four additional values relevant to developing societies and discriminant function analysis revealed two dimensions. The first opposes prosocial values to self-oriented values relating to hedonism and self-indulgence and the second opposes self-oriented values relating to inner-strength with materialistic values.

Table 2.1 : RVS Instrumental and Terminal Values

INSTRUMENTAL VALUES

AMBITIOUS
BROADMINDED
CAPABLE
CHEERFUL
CLEAN
COURAGEOUS
FORGIVING
HELPFUL
HONEST
IMAGINATIVE
INDEPENDENT
INTELLECTUAL
LOGICAL
LOVING
OBEDIENT
POLITE
RESPONSIBLE
SELF-CONTROLLED

TERMINAL VALUES

COMFORTABLE LIFE
EXCITING LIFE
SENSE OF ACCOMPLISHMENT
WORLD AT PEACE
WORLD OF BEAUTY
EQUALITY
FAMILY SECURITY
FREEDOM
HAPPINESS
INNER HARMONY
MATURE LOVE
PLEASURE
SALVATION
SELF RESPECT
SOCIAL RECOGNITION
NATIONAL SECURITY
TRUE FRIENDSHIP
WISDOM

2.32 Geert Hofstede

This section introduces the seminal works of Geert Hofstede (1980, 1991) who has been by far the most influential scholar in the field (Bhagat and McQuaid:1982) of national work-related culture in the post-war period. The significance of Hofstede's work for Hong Kong will be further discussed in more depth in chapter 3 where the detail of Hofstede's methodology is examined, prior to the reported results in Part 3, of a replication of Hofstede's study undertaken within IBM in Hong Kong and the UK.

Hofstede's principal hypotheses are that management is culture-bound and that American and Western theories of management which dominate the literature are ethnocentric and mistakenly interpreted as universally applicable. Hofstede's approach of comparative explanation of work-related values has been categorised and labelled variously using different typologies (Ajiferuke and Boddewyn:1970) thus re-emphasising that this approach is only one of many perspectives used in social science to examine culture. Hofstede recognised that his approach is but one perspective and his support for an integration of social science approaches to culture is based on the premise that subjectivity in social science is inevitable since 'Man-the-social-scientist' is less complex than his object and subjective reductionism of this complexity is unavoidable. The metaphor of the blind man from the Indian fable is used by Hofstede to signify a belief in the need for 'blind' social scientists to combine perspectives in order to improve understanding of their object. Hofstede thus pre-empts much of the criticism of his work by *a priori* recognising it's

limitations resulting from his own particular type of subjective 'blindness' and strongly advocates increased co-operative research amongst social scientists into cultural issues through an 'intersubjective' approach which is seen by Hofstede as the route to developing our understanding of culture (Hofstede:1984:15).

Hofstede's definition of culture

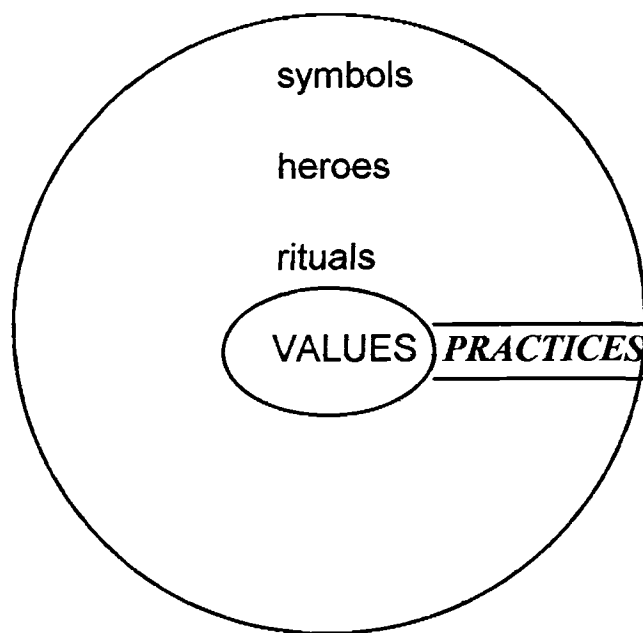
Hofstede assumes culture as a type of 'mental program' which is transmitted through learning, is specific to groups and distinguishable from other mental programs. Definitions of culture range from the very broad to the very narrow reflecting the extent to which culture permeates human experiences at different levels. Hofstede (1991:5) recognises the levels of culture by providing a narrow and a broad definition. The former concerns 'civilisation' or 'refinement of the mind' and the concomitants of education, art and literature. The broader definition, which is derived from social anthropology and deals with more fundamental human processes (including those within the narrow definition), is the main concern for Hofstede. This broad definition is given as "*the collective programming of the mind which distinguishes the members of one group or category of people from another*" (Hofstede:1984:21).

Levels of mental programming

Culture manifests itself at different levels with the most apparent aspects like 'symbols', 'heroes' and 'rituals', which Hofstede collectively labels "practices" (Hofstede:1991:9), in an 'onion diagram'. These practices are visible to outsiders but their meaning is interpretable by insiders. At a deeper level are

'values', which are at the cultural core and which are 'invisible'; those who hold them are not conscious of them. The 'onion diagram' representing the layers of culture is shown in fig. 2.7.

Fig.2.7: The Onion Diagram
[adapted from Hofstede:1991: 9]



Values are defined by Hofstede as “a broad tendency to prefer certain states of affair over others ” (Hofstede:1984:18). Values are attributes of individuals and collectivities (Hofstede refers to *norms* in the latter case), they are non-rational but determine our “subjective definition of rationality” (Hofstede:1984:18) and are developed in the family, in schools and at work.

Values, in Hofstede’s view, have both intensity and direction, they are distinguishable between the *desired* (phenomenological) and the *desirable* (deontological). Hofstede warns against the “positivistic fallacy”

(Hofstede:1984:19) of equating the *desired* and the *desirable* which “leads to a confusion between reality and social desirability” (Hofstede:1984:18). Values are central to Hofstede's study who views them, along with some social scientists (Schwartz:1992:1), as criteria affecting how actions are selected and justified, how people and events are evaluated and how reality is socially constructed.

The studies conducted by Kluckhohn and Strodtbeck (1961), Rokeach (1973) Ng (1982), Schwartz and Bilsky (1987, 1990) and Schwartz (1992, 1994) emphasise the centrality of values in the study of culture and individuals. It seems clear, from these social psychological perspectives, that values and culture can be seen in functionalist terms as interrelated and interdependent as “ values are among the building blocks of culture” (Hofstede:1984:21). Culture confers *identity* on a human group at a macro (societal \ national) level. Hofstede uses the term 'sub-culture' to describe micro-level cultural systems like organisations or ethnic groups.

Hofstede's approach

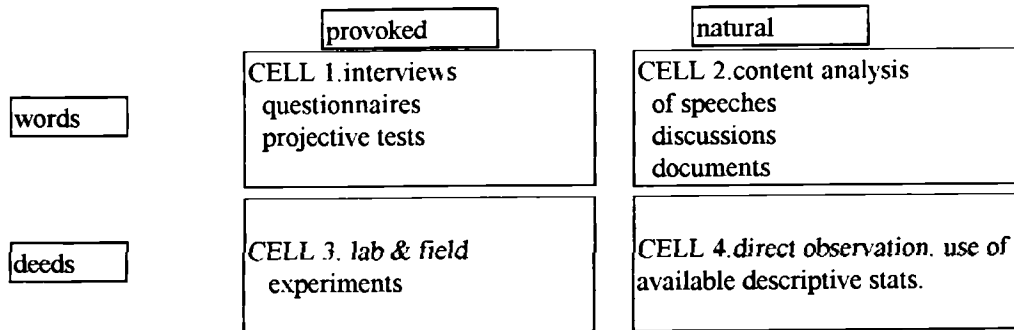
Hofstede's (1980) 4-D model pursues an individual frame of reference from an internalised perspective (Altman:1996:119). Hofstede similarly distinguishes between anthropological and psychological approaches in terms of the propensity of anthropology to focus upon marginal, ideographic-emic search for wholes or *Gestalten* in contrast to psychology's attraction to focus upon modal, nomothetic-etic search for general laws or *Gesetze* (Hofstede:1980:33). Hofstede characterises culture as a type of 'mental program' at a distinctive

level of uniqueness which is specific to groups and distinguishable from other mental programs such as Human Nature and Personality. Hofstede assumes that mental programs must be operationalised (Hofstede:1980:17) in order to be measured and proposes four alternative operationalisation strategies as shown in fig. 2.8.

Culture manifests itself at different levels. The most explicit aspects such as 'symbols', 'heroes' and 'rituals', Hofstede collectively labels "practices" (Hofstede: 1991:9), in an 'onion diagram'. These 'practices' are not under investigation in the 1980 study which concentrates upon work-related values. The 'practices', in Archer's (1996) terms, occupy the 'microscopic' region of the ideational or cultural domain involving cultural agency and socio-cultural integration. They are investigated subsequently by Hofstede (1991), who contentiously uses the same methodology as the 1980 study to examine them.

The 1980 study centred upon aspects of 'values', which in Archer's (1996) terms occupy the 'macroscopic' region of the ideational or cultural domain involving cultural systems integration or the structure of the logical relations of ideas. In terms of the 'cultural tree' (Lessem and Neubauer:1994), Hofstede's study constitutes a partial examination of the suprasystem at the roots of culture. Collective values, for Hofstede, are the implicit core constituent of culture. The focus of his study are implicit phenomenological values (concerning the *desired*, preferred, wanted). This involves ignoring deontological values (concerning the *desirable*, ethical, right and good) and avoiding other explicit aspects of the 'roots' such as art and religion.

Fig. 2.8: Strategies for Operationalising Constructs About Human Mental Programmes. (source: Hofstede:1980:17)



Culture for Hofstede is conceived in structural functional terms emphasising societies as social systems in homeostatic, quasi-equilibrium with societal norms or value systems at the centre, interacting with 'ecological' origins and institutional 'consequences' (Hofstede:1984:21). Hofstede contends that analyses of values at the individual level cannot be equated simultaneously with analyses at the 'ecological level' (defined by Hofstede as collective, societal, cultural) and that to do so would be an "ecological fallacy" (Hofstede:1984:24), confusing two separate and incompatible levels of analysis. Hofstede does not adequately explain the origins of this idea, but we may assume that it is a solution to a technical problem that he and other social psychologists encounter when trying to simultaneously analyse individual 'personality' and collective 'culture' data. This proposition is challenged most frequently by other psychologists who express concern that "the ecological or culture level approach (of Hofstede) does not yield individual level dimensions of values" (Bond:1988:1009). It is challenged by Schwartz's finding "in contrast to Hofstede's (1980) findings, the dimensions derived at the two levels in our

research appear to be closely related” (Schwartz:1992:2). Hofstede appears to subscribe to a form of conflation wherein the ‘Myth of Cultural Integration’ (Archer:1996) is sustained through the preclusion of analysis of the interplay between the macroscopic and microscopic cultural levels

The general methodological problem for Hofstede is how to achieve *validity* or correspondence between the observation and the underlying constructs. In the case of values, the proposition is that construct validation requiring “good measurements *and* good theory” (Hofstede:1984:17) is the main objective of research. In the popular use of research of cell type 1 (in fig. 2.8 above), Hofstede advocates rigid *predictive validity* or ‘triangulation’ of techniques to seek validity through convergence in results from the use of several approaches. In other words, to use more than one approach to confirm findings. The “ best strategy, therefore, is to use Cell 1 measurement plus at least one other type” (Hofstede:1984:18).

The specific problems of avoiding the ecological fallacy, or conflating within-society ‘individual’ and between-society ‘collective’ values (Hofstede:1980:23) and of avoiding or minimising ethnocentrism (Hofstede:1980:25), are emphasised by Hofstede. Along with this, Hofstede advocates the need for a multidisciplinary approach (Hofstede:1980:26), careful avoidance of non-equivalence error in language and translation (Hofstede:1980:27), the need to match for subculture in cross-national comparisons by using narrow matching samples to optimise functional equivalence (Hofstede:1980:29) and recognition of the synergistic value of studying modal and marginal phenomena as well as

using both ideographic-emic and nomothetic-etic approaches in cultural research (Hofstede:1980:32).

In comparing cultures, Hofstede is assuming that sufficient similarities exist to enable comparison. There are long-standing tensions between scholars studying culture who seek to examine similarities and those who examine differences, between the focus upon the 'comparable' and the 'unique', or between those employing 'nomothetic' as opposed to 'ideographic \ emic' methods (Hofstede:1984:32). Hofstede's study subjectively presupposes a more 'etic' point of departure and seeks to identify generalisable laws "but which are at the same time least sensitive to the uniqueness of each culture" (Hofstede:1984:34). This is not to suggest that differences, uniqueness and emic aspects of culture are unimportant. Rather, the implication is that these approaches are complementary and scholars engaged in them should co-operate.

Hofstede proposes that a focus upon similarities and differences combined with a distinction between different levels (micro and macro) of analysis provides a useful typology of research strategies as shown in fig.2.9.

Hofstede's justification for choosing a 'cell 4' approach is to focus on cultural differences between societies to refute the 'culture-free' hypothesis. This proposes that different contingency variables rather than 'culture' explain differences between organisations in different societies and proposes that underlying these differences are structural similarities which reflect universal basic tasks undertaken by all organisations (Hickson et al:1974).

**Fig. 2.9: Four Available Research Strategies for
Comparative Multisociety Studies**
[source, Hofstede:1984 :35]

<i>concerned with micro-level variables with- in societies.</i>	1.prove universality of micro-level laws.	2.illustrate uniqueness of each society.
<i>concerned with macro-level variables between societies.</i>	3.determine types or subsets of societies.	4.determine dimensions of societies and macro-level laws.
	<i>focus on similarities between societies</i>	<i>focus on differences between societies</i>

Hofstede's (1980) model has endured as the seminal study in work-related cultural studies for nearly twenty years. However, the narrowness of the study and the methodological restrictions imposed by Hofstede are problematical. Hofstede's vision of social scientists as 'blind men' in the Indian fable each examining a part of the 'elephant' (using their own specialisms) and pooling their subjectivity to gain a greater understanding has been largely unrealised.

The success and near dominance of Hofstede's (1980) narrowly positivist, deterministic, realist, nomothetic study of aspects of work-related values has further entrenched paradigmatic warfare amongst social scientists. Many of the criticisms of Hofstede's work are ill-founded (Lowe and Oswick:1996) but the central criticism submitted here is that Hofstede's multidimensional conceptualisation of culture is dissonant with his rather narrowly restrictive and uni-level research operationalisation. Hofstede restricts his analysis to the

concept of national culture which he regards as separate from corporate or organisational culture and insists that the two levels are analytically incommensurate (Cray and Mallory:1998). In doing so he contributes to Archer's (1996) 'myth of cultural integration' which is sustained through the preclusion of analysis of the interplay between the macroscopic and microscopic cultural levels as a consequence of one level being rendered inert as the passive dependent variable. Hofstede's hoped that social scientists, engaged in narrow empirical operationalisations, would pool their findings in a co-operative mission to enhance our understanding of culture. This has proven to be an untenable assumption as such co-operation has not been realised. Hofstede's (1980) study left the fundamental question about the relationship between different levels of culture unanswered as Hofstede's "dimensions seem to have some predictive validity but their applicability may be considerably blunted by the intrusion of other levels of culture" (Cray and Mallory:1998 :57).

Similarly Burrell and Morgan argue that debate between paradigms is the solution to the confused sectarianism pervading social science generally. This debate has proven to be detrimental, rather than beneficial, to progress in understanding culture. In the examination of culture these hopes of dialogue between paradigms have not been realised. Social scientists have continued to become entrenched between paradigms and often within paradigms because of differences in assumptions about the nature of social science. As a consequence the success of Hofstede's study has tended to exacerbate these divisions and, therefore, contributes to the failure of social science to make

adequate progress in cultural studies as a result of 'paradigm gridlock' (Wilmott:1993,b). This now requires a new agenda for development of the field involving the abandonment of the metatheoretical position of 'incommensurability' in order to enable a synthesis of different approaches and a more comprehensive understanding of culture from the synergy's gained from such a synthesis.

National cultures in Hofstede's terms

One limitation is that nations have been used as a matter of expediency, as in the original study, as a *proxy* for culture. Sub-cultural differences are not examined by Hofstede as this is assumed to be a completely different level of analysis to cross-national psychology: termed 'ethnic psychology' by one source (Berry et al. :1992:2). This is to suggest that a "compositional view" of national culture is an important foundation for a further "decompositional" differentiation based on subculture (Huo and Randall :1991:160). In other words, Hofstede examines culture using nations as the most abstract and large scale 'imagined communities' in order to facilitate global comparisons. The use of nations does not preclude or denigrate the examination of other group comparisons involving ethnic or other sub-cultural classifications. Examination of sub-cultural differences are important and have been conducted in one study which involved Hong Kong and included other Chinese-populated regions including Taiwan and two PRC samples (Huo and Randall :1991).

Hofstede's four dimensions

In this section, Hofstede's model of national cultural differences in work-related values is described using Hong Kong and Britain as examples of contrasting cultures. The Cultural Environment of 40 countries at a macro level has been delineated by Hofstede within a set of cultural maps of the World and categorised initially on four dimensions including 'Power Distance', 'Uncertainty Avoidance', 'Individualism-Collectivism' and 'Masculinity-Femininity'. The meaning and significance of these constructs are discussed in greater depth in chapter 3 and their contemporary relevance is explored in a replication of Hofstede's (1980) study within IBM in Hong Kong and the UK which is reported in chapter 6.

Power Distance

Power Distance involves the universal issue of human inequality to which different societies have different solutions. It concerns inequality in power in a society, in families, at school and particularly at work and informs us about *vertical dependence relationships* within societies.

Individualism - Collectivism (IDV)

This dimension concerns the degree of *horizontal dependence of individuals upon the group*. The distinction between individualism and collectivism may be characterised by the difference between the 'I' or 'Me' society with the 'We' society, between what Tonnies (1963) characterised as *Gemeinschaft* and *Gesellschaft*.

Masculinity - Femininity

This dimension concerns the extent to which values are more 'masculine' (assertive, competitive, tough, results / performance oriented) in contrast to more 'feminine' (modest, co-operative, nurturing, tender, equity oriented).

Uncertainty Avoidance

This dimension concerns "the extent to which the members of a culture feel threatened by uncertain or unknown futures and situations. This feeling is, amongst other things, expressed through nervous stress and in a need for predictability :a need for written and unwritten rules" (Hofstede:1991:113).

In the original 4-Dimensional study, the U.K and Hong Kong were both classified as low scoring on the UAI. However, it should also be noted that UAI (and therefore low UAI scores) may not be significant in Chinese societies, as indicated by the construction of a values survey by Chinese rather than Western researchers in The Chinese Values Survey (The Chinese Culture Connection:1987).

Critiques and limitations of Hofstede's study

Hofstede's study is not without limitations. The principal problem with it is in proposing a narrow, uni-level, objectivist research operationalisation of culture in contrast to what is identified as a multidimensional conceptualisation. The 4-D study is, therefore, a uni-level analysis of a multidimensional phenomenon

and is too much of a simplification. This is reflected in Hofstede's positioning in the hierarchy of complexity in fig.2.1 (page 41), which categorises his approach as 'type C'.

The narrowness of Hofstede's (1980) 4-D study is recognised by Triandis (1982) who nevertheless is largely in favour of Hofstede's 4-D study with some reservations. For Triandis, the "main point is that there are at least half a dozen dimensions that are not present in Hofstede's book" (Triandis:1982:88). His principal objection is that, in concentrating upon work-related values within IBM, Hofstede limits understanding of cultural differences in depth and extent.

In sum:-

"the four dimensions obtained by Hofstede are limited because his method is limited. After all, he used only survey questionnaires, and the sample of questions was limited to 63. A much larger sample of questions (items) is bound to yield more dimensions. Most of his questions were linked to values, and even more specifically to work values. Such sampling, while necessary to obtain permission to get the data from a multinational corporation whose central goals are not particularly supportive of basic research in the social sciences, is obviously limited. There is very little about the differences in the way the pie of experience is cut by people in the various cultures; there is too little about differences in the way categories are interconnected in the cognitive fields of members of each culture or in attitudes, norms, roles, expectations, etc., of these populations. Also, the homogenizing effects of industrial culture, modern education, and the fact that the respondents have gotten through the personnel departments of the same multinational corporation, must be considered. Whatever generalizations we may draw from this massive study are limited by these considerations".
(Triandis: 1982: 88)

Triandis suggests a fuller coverage of the topic in depth requires the inclusion of other levels of cultural difference involving perception, cognition and action as well as inclusion of further dimensions totalling twenty "including the ones presented by Hofstede" (Triandis:1982:88). Triandis is also critical of Hofstede's 4-D study in more specific terms. He suggests 'severe limitations' due to:-

1. The answers were not responses to questions derived from unstructured interviews with the respondents. 2. The meaning of the factors were not independently checked in each country. 3. The lack of checks needed to identify possible response styles in the data of members of each culture. 4. The absence of multimethod procedure for the measurement of each factor.
(Triandis. 1982. 89)

Hofstede's approach to culture, as a type of mental programming is reported by Triandis to be based upon the concept of socialisation (Triandis:1982:86). This, as with many other issues of culture, is not a universally accepted approach as it reflects a purely structural-functional perspective which views culture as something a collective entity *has* rather than something a collective entity *is*. Despite these limitations, Triandis considers them inevitable impositions by practicality and regards Hofstede's study as a valuable foundation which " will stand as one of the major landmarks of cross-cultural research for many years to come" (Triandis:1982:90).

In terms of the cultural tree, Hofstede (1980) recognises its holistic complexity and calls for intersubjective, intercultural and interdisciplinary co-operation towards greater understanding. Hofstede's contribution is in providing a valuable, if somewhat narrow, perspective of the roots of the cultural tree. By providing dimensions of nomothetic, phenomenological, work-related values at the level of 'national' culture, Hofstede provides us with a restricted view of the intrinsic aspects of these ideational roots. These perspectives, although limited, are valuable in progress towards describing the 'root' system and its relationship the rest of the tree. It must be recognised that the 4-D study ignores much of the remaining 'roots' of the cultural tree as deontological 'etic' as well as 'emic' values, religion, philosophy and art, emotion and cognition are ignored. This, however, need not detract from the purpose in this thesis of 'sampling' part of the roots in Hong Kong order in order to gauge their

characteristics and determine the essential differences between them and the UK, as representative of a modern Western post-industrial culture.

The identification of a fifth dimension concerns one of the areas of criticism levelled at Hofstede's work; namely whether the four dimensions are exhaustive of areas of cultural differences. It may be that further surveys based upon non-western assumptions and designed by indigenous research groups may yet uncover a sixth or seventh dimension. Other areas of criticism concern questions as to the generalisability of Hofstede's results outside IBM, the durability of Hofstede's results over time, the consequences of Hofstede's work for organisations and individuals operating within cross-cultural environments (Smith:1996).

These criticisms, however, largely concern Hofstede's operationalisation of culture and are discussed in detail in chapter 6, prior to the replication of the 4-D study which is used as a means to take a measure of the 'roots' or ideational structure of Hong Kong culture. Hofstede's study is adopted consequently, in this thesis, as a vehicle to examine the 'structure of ideas' at the level of the 'roots' of the Hong Kong cultural tree as a basis for examining the consistencies and complementarities between these roots with the institutional and ideational 'trunk' and the cultural agency of Hong Kong's cultural 'leaves' using other approaches. Hofstede's model is only one perspective in examining the structure of ideas but the adoption of the 4-D model is supported by the remarkable consistency with other approaches (Lytle et al:1995) and

particularly with the principal alternatives proposed by Schwartz evaluated below and by Trompenaars which is examined in chapter 3.

2.33 Schwartz

Schwartz and Bilsky

Schwartz and Bilsky (1987, 1990) used the Rokeach Values Survey as a basis for a cross-cultural study of values involving seven countries including Hong Kong. Values are defined as incorporating five formal features in that they are concepts or beliefs, pertaining to desirable end states or behaviours, transcending specific situations, guiding selection or evaluation of behaviour and events and ranked in order of importance. A further non-formal feature is identified which proposed that the "primary content aspect of a value is the type of goal or motivational concern that it expresses" (Schwartz:1992:4). A universal typology of the different content of values was derived by reasoning that these values represent three universal requirements of human existence (individual survival, social interaction and group survival & welfare) in the form of goals.

From this Schwartz and Bilsky constructed seven motivational domains (achievement, enjoyment, maturity, prosocial, restrictive conformity, security and self-direction) which are categories derived from 36 values evident in all seven countries and they discovered consistent oppositions and compatibilities between these domains which are assumed to indicate value universals. They also discovered an eighth motivational domain (social power) which was

evident only in Hong Kong. These proposed universals in value systems are the basis upon which Schwartz was able to develop a theory of universals in the content and structure of values.

The important difference between Schwartz and Hofstede emerges at this stage, as the pattern of compatibilities and conflicts between value types in Schwartz and Bilsky's studies permits them to be conceived as dynamically interrelated rather than as polar opposites on a unidimensional scale as implied by Hofstede's work.

Schwartz's universals in the content and structure of values

Schwartz's (1992, 1994) subsequent work provides the most recent research of note and the most substantive challenge to Hofstede's model in that, if further validated, it is likely to become regarded as a refinement of Hofstede and a seminal work in the field. The study does not confine itself to work-related aspects of culture but its potential as a unifying model warrants its inclusion here. Schwartz proposes that in addition to formal features the primary content aspect of a value is the motivational concern it expresses. A universal typology of the different contents of values is derived by reasoning that values represent as conscious goals, three universals of human existence concerning individual, social interaction and group needs. Eleven distinct universal motivational types of values (at the individual level) are proposed and ten are derived from the empirical data using Guttman-Lingoes (Guttman :1968, 1982) Smallest Space Analysis (SSA). SSA, like factor analysis is an aspect of Facet Theory. This technique:-

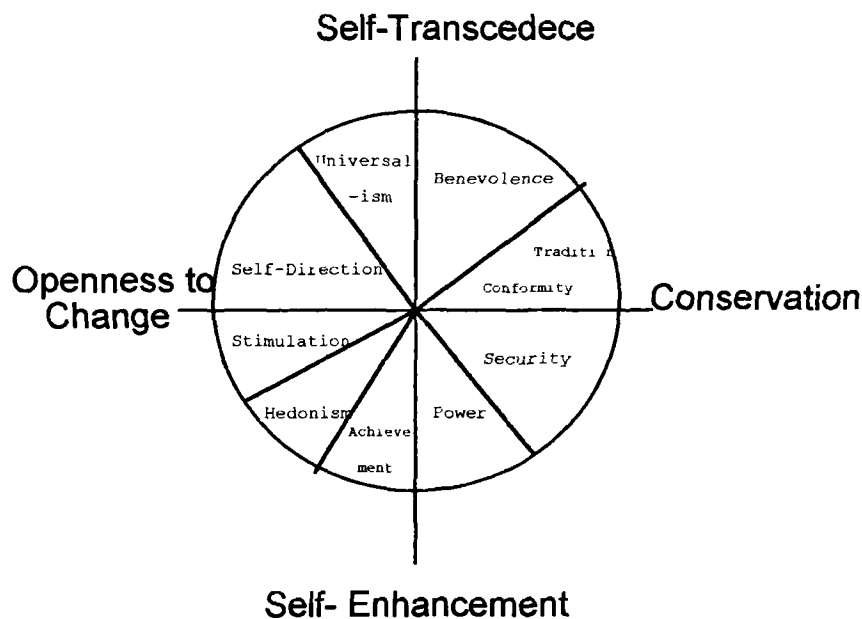
"represents the values as points in multidimensional space such as the difference between the points reflect the empirical relations among the values as measured by the correlations between their importance ratings. The greater the conceptual similarity between two values, the more related they are empirically, and hence the closer their locations in the space" (Schwartz. 1994.100).

A set of dynamic relations amongst motivational types of values in terms of compatible or conflicting consequent actions is proposed and supported by the results. The individual level analysis shows some interesting findings. The value types are shown to form a circular motivational continuum rather than discrete entities. Thus, partitioning into discrete value types is recognised as an expediency to facilitate research. The theorised dynamic relations amongst value types proposes two higher level dimensions which are contiguous regions of compatible value types. These two dimensions "organise value systems into an integrated motivational structure" (Schwartz:1992:59). In other words, the dimensions proposed by Schwartz at individual-level relate to each other as interdependent elements which can be regarded as a motivational continuum as shown diagrammatically in fig. 2.10.

The first higher level dimension is labelled 'openness to change versus conservation' as it opposes the Self-direction plus Stimulation value types (motivating people to follow their autonomous inner-directed interests in uncertain directions) to the combined Security, Conformity and Tradition value types (motivating people towards outer-directed avoidance of uncertainty to preserve the status quo in embedded relationships with close others, institutions and traditions). This dimension appears to resemble a combination of Hofstede's UAI and IDV but, as we shall see in the examination of the

second of Schwartz's higher level dimensions, there is sufficient reason to believe that it is substantially different, or that UAI and IDV are perhaps the work-related context to Schwartz's transsituational and abstract dimension. In other words, the differences between Hofstede and Schwartz's findings must in part be due to the fact that Hofstede focuses narrowly upon work-related phenomenological values whereas Schwartz more broadly focuses upon values generally.

Fig.2.10: Schwartz's' Continuum of Individual Value Systems



The second higher level dimension labelled 'self-enhancement versus self-transcendence' opposes Hedonism, Achievement and Power value types (motivating people to enhance their individualistic interests) against the combination of Universalism and Benevolence value types (motivating people to enhance the welfare of others and transcendence of selfish interests). At a

broader level, an individual interest region (Self-direction, Stimulation, Hedonism, Achievement, Power) and a collective interest region (Benevolence, Tradition, Conformity) are linked to complete the continuum by boundary regions that serve mixed interests (Universalism, Security). Schwartz emphasises that the above 'interests facet' is not the same as Hofstede's Individualism. Collectivism (although clear similarities exist) since this is analysis at an individual and not a collective level. "For example, the values wealth, social power, and authority, which primarily serve the interests of the individual person in our current analysis, tend to receive greater cultural priority in collectivist cultures in a culture-level analysis." (Schwartz:1992:13).

Accordingly, the implication is that clustering of values, as in Hofstede's study, is considered arbitrary by Schwartz since values exist relatively within a continuum defined by adjacent compatibles and opposite conflicts. Further, Schwartz suggests that Hofstede's method of standardising scores to construct an index is flawed since "standardising changes the patterns of intercorrelations among values within groups" (Schwartz:1992:53) and proposes an alternative procedure which, it is claimed, does not distort the structure of value relations in the same way. Schwartz is proposing *pace* Hofstede that the individual and the collective level dimensions of value systems are closely related structurally. The configuration of values and value types between the individual and cultural level shows some content variation but the main differences between cultures is in terms of value priorities or in the hierarchical ordering of the relative importance afforded to values and value types.

Schwartz also finds at the individual level of analysis important differences in how PRC Chinese respondents construe the relations among collective and mixed interest values. The Chinese samples deviated from the universal etic or 'ideal' structure in that the values that constitute Universalism, Benevolence, Tradition, Conformity and Security could not be partitioned into regions representing each type. Instead they were partitioned into three uniquely Chinese value types consonant to the major 'religious' influences in Chinese culture : Taoism, Confucianism and Buddhism. Schwartz reports that Hong Kong was " closer to the ideal structure and did not show this alternative pattern " (Schwartz:1992:48) although Hong Kong was amongst those samples that deviated most from the 'ideal' structure. The significance of this is to confirm the identification of Chinese emics from nomothetic studies of values (such as Bond's identification of Confucian Dynamism) which adds weight to the argument that Chinese culture is different not only from the West but from the rest of the world's population.

Because Schwartz sees universality in the structure of values anchored in two higher - level dimensions he proposes hypotheses based upon this structure about the relations of value priorities with other variables. " Two statements summarise the implications of the interrelatedness of value priorities for generating hypotheses : (1) Any outside variable ² tends to be similarly associated with value types that are adjacent in the value structure. (2) Associations with any outside variable decrease monotonically as one goes around the circular structure" (Schwartz:1992:54). As a result, the whole

pattern of associations regardless of statistical significance rather than the significance of single correlations or mean differences is considered to reflect the validity of the theory. Predicted associations between outside variables and value priorities are represented graphically with a sinusoid curve.

For the purpose of this chapter, the most interesting prediction using this method is the hypothesis regarding differences in value priorities between persons from *communal* societies versus *contractual* societies. Schwartz hypothesises that Tradition, Conformity, and Benevolence are more important in communal societies (such as Hong Kong) in contrast to the higher importance of 'interests' such as Self-direction, Stimulation, and Universalism in contractual societies (such as U.K.). Schwartz compares his Taiwan (communal) sample with New Zealand (contractual) and finds the highest priority afforded to Security followed by Power and Conformity in Taiwan with the emergence of Benevolence as an unexpected priority in the New Zealand sample. Schwartz concludes that it may be preferable to compare the value priorities of cultures on value types derived from analysis at the cultural level as they are configured slightly differently from their individual equivalents (Schwartz:1990:57). In doing so Schwartz is effectively conceding that Hofstede's cultural- level approach, designed to avoid the 'ecological fallacy' is more appropriate in this case suggesting that even if the individual and cultural levels are structurally similar they should be regarded as separate for purposes of analysis of content.

Schwartz's two higher level dimensions are useful bases upon which to examine principal themes in how culture influences work and organisations. The first higher level dimension 'Openness to Change v Conservation' could equally be termed 'Modernism v Traditionalism' in terms of concomitant ideology since the value structures represented appear to correspond to differences between modern and traditional societies (*Gemeinschaft and Gesellschaft*) particularly with regard to their *attitudes to the environment*. The second higher level dimension 'self-enhancement v self-transcendence' reflects opposing individual interests as against collective commitments which also involves power and is reflected in the frequency with which this issue arises in cross-cultural studies. It is particularly influential in understanding differences in relationships with and *attitudes towards people*, in that collective cultures are more relationship and people oriented whereas individualistic cultures are more atomistic, contractual and transactional (exchange-based, instrumental). These higher level dimensions are pervasive in all aspects of life and particularly influence management (Schneider:1989). They must be understood within that broader context.

Schwartz's culture-level analysis

More recently Schwartz (1994) extends his individual-level analysis to the collective 'cultural' level. This supports a view of "culture as a complex, multi-dimensional structure rather than a simple categorical variable" (Clark:1987:461). In recognition of the seminal status of Hofstede's work, values suitable for uncovering Hofstede's dimensions are included in the analysis which serves as a "check on the replicability of the Hofstede

dimensions with a different method of measurement" (Schwartz:1994:87). The claim is that a more exhaustive examination of values based upon his own 1992 study and a more adequate sample of nations will enable the determination of a more universally inclusive model of cultural dimensions which, by implication, will provide a more refined approach than Hofstede's model.

Schwartz used two types of matched samples to enable a check on the robustness of the value dimensions generated. The respondents included schoolteachers and university students and data was collected between 1988 and 1992 from 86 samples drawn from 41 cultural groups in 38 nations. Schwartz argues that " there are cultural reasons to expect culture-level and individual-level value dimensions to be related conceptually" (Schwartz: 1994:93) He proposes four hypotheses predicting the distinct types of values likely to be found in a culture-level analysis and the structure of relations amongst them based upon his own individual-level analysis and upon the work of Hofstede, Kluckhohn & Strodtbeck and Triandis.

The first hypothesis (Schwartz:1994:95) is presented thus :-

"1. There is a broad dimension interpretable as a more sharply defined version of I/C. This dimension can and should be defined into more specific types of values to reduce confusions in the literature (Schwartz,1990). Loosely defined, I/C has received considerable support in culture level analysis. Its apparent usefulness for discussing cultural differences suggests that it does reflect an aspect of reality ".

The implication is that the extensive literature in the discussion of I/C from Triandis and many others (Triandis et al: 1985, Hui and Triandis:1986) emphasises multiple contrasts which Hofstede's dimension does not accommodate. Two major themes are identified in the contrasts mentioned.

The first is the main focus of Hofstede's IDV index as it concerns whose interests take precedence in the conflict between personal and group interests (in parallel to Self-enhancement \ Self-transcendence at the individual level of analysis). The second, which Schwartz contentiously considers more appropriate for defining the culture-level dimension related to I/C, concerns the autonomy or embeddedness of a person in relation to the group (in parallel to the individual-level dimension Openness to Change \ Conservation) and is labelled *autonomy / conservatism* (A/C). The implication of this assumption appears to be that Schwartz considers I/C (A/C) to be principally concerned with group embeddedness in contrast to Hofstede's dimension which emphasises priorities between individual and group interests.

The second hypothesis (Schwartz:1994:96) is presented as follows:-

" 2. In every society, people must manage their interdependence with one another. There is a culture- level value dimension that reflects the way societies procure and/or enforce the necessary consideration for the welfare of others and co-ordination with them in the course of coping with interdependencies. One pole of this dimension is related to the use of power ".

This hypothesis incorporates Hofstede's Power Distance with values associated with the Power value type identified at the individual-level. In terms of I/C it is more closely identifiable with Hofstede's dimension. The implication is that Schwartz considers PDI and IDV to be indistinguishable. Schwartz predicts that this dimension will be closely related (e.g.: adjacent) to *conservatism*.

The third and fourth hypotheses (Schwartz:1994:96) are framed as :-

"3. There is a culture-level value type that emphasises actively mastering the environment and changing the world (expressed in such values as success, ambition, daring). This recalls the mastery pole in Kluckhohn and Strodtbeck's (1961) man-nature orientation and is related to Hofstede's masculinity dimension. It is the societal response to the problem of eliciting individual productivity, reflected at the individual level in the achievement value type, that emphasises assertive achievement and success. Mastery is likely to be adjacent to the power/hierarchy type, with which it shares a broad concern for self-enhancement.

4. There is a culture-level value type that includes values that express concern for the welfare of others and emphasise harmony with nature (e.g., social justice, equality, protecting the environment). This type is the societal response to the problem of eliciting prosocial action. The existence of such a type is suggested by the existence of individual-level value types -benevolence and universalism -that are responses to the same issue. This type is also suggested by the femininity pole of Hofstede's masculinity dimension. Benevolence, universalism, and femininity all emphasise caring for the weak and the quality of life. Kluckhohn and Strodtbeck (1961) distinguish one component of this type, harmony with nature, which they postulate to be opposed to mastery. These approaches taken together suggest that this set of values forms a broad self-transcendence value type opposed to mastery and hierarchy".

These four hypotheses are reframed into two broader hypotheses regarding the relationship between the content and structure of values. It is proposed that the content (of the higher-order value types) and structural organisation of values into competing types is conceptually similar. Specifically, two culture-level dimensions, consisting of opposing value types, are hypothesised (Schwartz:1994:98) as :-

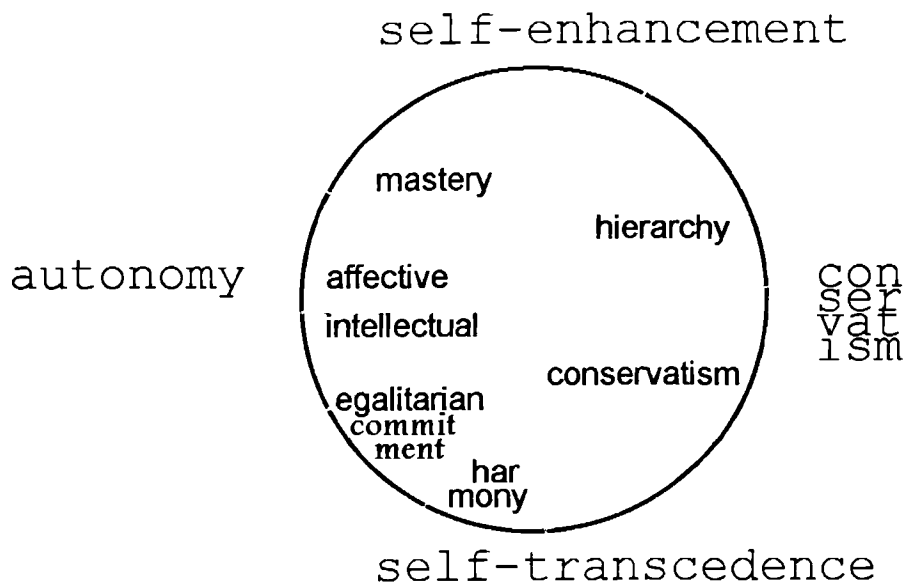
"1. Autonomy versus Conservatism (parallel to individual-level Openness to Change versus Conservation ,and closest to the core idea of I/C)

2 Hierarchy and Mastery versus Egalitarian Commitment and Harmony With Nature (parallel to individual-level Self-Enhancement versus Self-Transcendence) ".

In short, Schwartz proposes a cultural continuum based upon some of Hofstede's dimensions plus some of Kluckhohn & Strodtbeck's dimensions whilst drawing heavily upon the findings of his individual-level study with regard to the content and structure of values. The values included in the analysis are those identified in the 1992 study as having culturally consistent meaning for individuals and the principal statistical techniques are virtually identical to those used in the individual-level study. In reporting the results, Schwartz reports "As hypothesised, culture-level values are organised into the

same two basic dimensions that organize individual-level values” (Schwartz:1994:98). These relationships are presented in fig.2.11.

Fig. 2.11: Schwartz's Continuum of Cultural Values



Conservatism versus Autonomy

Conservatism reflects 'sociocentric' values primarily concerned with security, conformity and tradition. It is negatively correlated with Hofstede's IDV and so reflects 'collectivism' in Hofstede's terms. Intellectual and Affective Autonomy opposes Conservatism. Autonomy reflects values primarily regarding egocentric values concerned with self-direction, stimulation and hedonism. It is positively correlated with Hofstede's IDV and so reflects 'individualism' in Hofstede's terms. This supports Schwartz's first (narrow) hypothesis which seeks to refine I/C since "when the loose I/C concept is narrowly understood as Autonomy versus Conservatism, a polar opposition may exist that is not found for broader definitions of the I/C concept " (Schwartz : 1994 : 103).

Self-Enhancement versus Self-Transcendence

Hierarchy and Mastery form a broad region of interests relating to self-enhancement. Hierarchy emphasises the legitimacy of hierarchical role and resource allocation. It is not correlated with Hofstede's PDI which probably “ reflects a difference between the concepts. The Hierarchy values emphasise the legitimacy of using power to attain individual or group goals in general. The PDI items refer quite narrowly to legitimacy of power inequality in employee-boss relations” (Schwartz:1994:108). Mastery values emphasise active mastery of the social environment through self-assertion, promoting active efforts to modify the environment to get ahead of other people and Mastery is positively correlated with Hofstede's MAS scores. Opposing Hierarchy and Mastery are dimensions of values promoting self-transcendence; namely Egalitarian Commitment (EC) and Harmony. EC values exhort voluntary commitment to promoting the welfare of others which is a necessary social requirement promoted in a society of autonomous individuals and more inherent in collective \ conservative cultures. The pattern of intercorrelations with the other value types is interesting. EC is negatively correlated with Hierarchy and Mastery as well as Conservatism and positively correlated with Intellectual and Affective Autonomy. This means that “valuing emotional attachment and promotive interaction with others is not the unique hallmark of societies in which so-called collectivist values are given priority over individualist values” (Schwartz:1994:104). In other words, prosocial action is a socialised value in individualist cultures and an inherent consequence of collectivist cultures

which does not require promotion through value systems. In terms of Hofstede's dimensions, EC is weakly correlated with UAI in both samples. Harmony emphasises harmony with nature and is found opposite Mastery and Hierarchy. Harmony concerns values such as 'World at peace' and 'Social justice' and is orthogonal to the autonomy/conservatism dimension. In terms of Hofstede's dimensions it correlates positively with UAI.

Schwartz's Continuum of Cultural Values may become regarded as a refinement of Hofstede's model. Hofstede's IDV dimension is reformulated into Autonomy / Conservatism which also indicates similarities in the rankings of nations, although "the proportion of variance shared by the ratings of nations in the two studies indicates that they are far from identical" (Schwartz:1994:108). In terms of UAI and MAS some correlations are evident as outlined above. However, the "relatively low magnitude of these dimensions suggests that the conceptual content measured by these Hofstede dimensions and by the value types is quite different, and/or that the nations have changed considerably in 20 years (Schwartz:1994:110). The value types show a reasonable pattern of association with Hofstede's dimensions but the conceptual differences between the two studies reveal some surprisingly different characterisations of nations. Hong Kong is included in the analysis but unfortunately the U.K. is not. This means that we cannot use the U.K. in comparison with Hong Kong as is done throughout the rest of the thesis, but as a proxy for the U.K we can compare the US with Hong Kong.

The first surprise is that on the narrower definition of individualism represented by Autonomy, the US sample is not particularly autonomous / individualistic although the US score is higher than Hong Kong for Affective and Intellectual autonomy. The US does appear to be high on Mastery along with Hong Kong which reflects the entrepreneurial culture of both countries and, as expected, both countries score relatively low on Harmony. The other scores represent differences that might be expected but there is no apparent bipolar difference in scores between the US and Hong Kong which supports the proposition that Hong Kong is something of a cultural melange between Eastern and Western value systems.

The principal value of Schwartz's culture-level model is that it offers the prospect of refinement of Hofstede if further validated. The arrangement of value types and broad dimensions into a continuum which organises them into an integrated structure of conflicts and compatibilities rather than discrete categories is more intellectually coherent and may prove to elevate Schwartz's model into the position of a seminal work. It also enables us to categorise two broad cultural archetypes of societies with substantively different assumptions about life and work. The first archetype centrally adopts autonomous values along with value tensions between Mastery in terms of self-enhancement and EC / Harmony in terms of self-transcendence and can be labelled *modernist / contractual* cultures. The second archetype centrally adopts conservative values and accommodates value tensions between Hierarchy and Harmony and can be labelled *traditionalist / relationship* cultures.

As with Hofstede's study, Schwartz's models are not without limitations. The principal problem with it is, similarly, in proposing a narrow, uni-level, objectivist research operationalisation of culture to what is identified as a multidimensional conceptualisation. This is reflected in Schwartz's positioning in the hierarchy of complexity in fig.2.1 (page 41), which categorises his approach as 'type C', albeit marginally higher in the hierarchy than Hofstede's approach..

Despite this, Hofstede's study is adopted, in this thesis, as a vehicle to examine the 'structure of ideas' at the level of the 'roots' of the Hong Kong cultural tree. The 4-D model is supported by the remarkable consistency with the alternatives proposed by Schwartz. It benefits from a proven history of replicability (Sondergaard: 1994) and includes scores for Hong Kong, which Schwartz's study does not.

2.4 CULTURAL ANALYSIS WITHIN THE 'INTERPRETIVIST' PARADIGM

The interpretivist alternative to the orthodoxy of functionalism conceives of culture differently. The interpretivists would doubt the ontological status of the 'cultural tree' and would regard it as something of a 'mirage' or as a 'hologram' of a tree.

The interpretive paradigm derives from the intellectual source of German idealism. Much of this was founded upon the work of Kant (Burrell and Morgan:1979:227) and developed in the nineteenth century. It provides an alternative to positivist orthodoxy in sociology and an abandonment of many of its assumptions, such as the acceptance of the methods of 'natural science' in

the study of human culture and society (Swingewood:1991:128).The German idealists shared the neo-Platonic sense that the 'spirit' and 'idea' was the antecedent of sensuous empirical reality (Griswold:1994 27).

Within the sociology of regulation and the subjective-objective debate and :-

"in the wake of Berger and Luckmann's treatise on the sociology of knowledge (1966), Garfinkel's work on ethnomethodology (1967) and a general resurgence of interest in phenomenology, the questionable status of the ontological and epistemological assumptions of the functionalist paradigm have become increasingly exposed "

(Burrell and Morgan.1979.21).

The interpretivists, therefore, argue that human phenomena are phenomenologically different from natural phenomena. Humans are regarded as a species that subjectively constructs, interprets and creates the environment that they inhabit. This subjective interpretivism is 'cultural' and, as such, culture distinguishes analysis of the human experience.

Burrell and Morgan identify theorists within the interpretivist paradigm as characteristically and implicitly subscribing to the 'sociology of regulation'. There is an emphasis upon understanding the nature of the social world within the realm of the subjective interpretations of the participant actor and that reality lies in the 'spirit' or 'idea'. It is based upon the Kantian ontological assumption of *a priori* knowledge, as a product of the 'mind', structurally underpinning all sense data of empirical experience (Burrell and Morgan:1979:227). The approach is therefore more nominalist, anti-positivist, voluntarist and ideographic and rejects the validity of methods and assumptions employed in the natural sciences for the human subject in contrast to functionalism. The consequence of this subjectivism, non-rationalism and emphasis upon 'mind' and intuition are the constituent schools

within sociology of Hermeneutics and Phenomenology; and within organisational analysis the schools of Ethnomethodology and Phenomenological Symbolic Interactionism.

Dilthey, Gadamer, Weber and Mannheim

In the 'cultural sciences', or *Geisteswissenschaften*, emphasis is placed upon the subjective internal processes of human minds as related to external actions and objectifications in the socio-cultural environment. The epistemological assumptions emphasise the value-laden nature of positivistic scientism and its inherent irrelevance in examining the spiritual character of Man (Burrell and Morgan:1979:228). The "speculative methods of philosophy" (Burrell and Morgan:1979:228) are seen as more appropriate by interpretivists, since they entail a process of intuition of the *Gestalten* or 'total wholes' rather than the atomistic, positivistic, scientific reductionism of the natural sciences.

Dilthey introduced the notion of *verstehen* or 'understanding' as the appropriate method to investigate the internal processes of the human mind and spirit (Burrell and Morgan:1979:229). Culture from this perspective is, therefore, essentially concerned with the 'mind' and cultural phenomena are regarded as external manifestations of the inner experience of the mind which can be revealed through the method of *verstehen* (Burrell and Morgan:1979:229), which involves reliving or re-enacting the experience of the subject. Dilthey distinguishes between explanation and understanding in order to 'explain' an event or an institution. The latter comprises an external, mechanical relation between the human subject and the world of reality which

eliminates human subjectivity. However, to 'understand' involves inclusion of the subjective interpretation of experience saturating everyday life (Swingewood:1991:129). The task of *Geisteswissenschaften*, for Dilthey, is to systematise this simple 'everyday' *verstehen* into a coherent, conceptual tool that embraces higher forms of 'Hermeneutical' or historical understanding of the cultural whole (Swingewood: 1991:130). Meaning, for Dilthey, is determined "by the relations of parts to whole for every experience" (Swingewood:1991:131) and the concept of understanding is historicist; an "interpretation of cultural forms that have been created and experienced by individuals" (Swingewood :1991: 131). Hermeneutics is a method for studying the 'objectifications of the mind' largely through the style of literary analysis of cultural products and empirical life assertions. Dilthey's approach is illustrated in the notion of the 'hermeneutic circle' (Burrell and Morgan:1979:237) which involves iterative understanding of the social whole and its parts in order to reach an understanding of the objectifications of the mind.

Dilthey's differentiation between explanation and understanding surfaces in the work of Gadamer. *Verstehen* for Gadamer "is more concerned with appreciating the interchange of the frames of reference of the observer and the observed" (Burrell and Morgan:1979:238). Language assumes ontological status as the central vehicle expressing the 'form of life', or *Lebenswelt*, which configures meaning. By implication Gadamer doubts the feasibility of observers' ability to relive or re-enact the experience of the subject fully empathetically and advocates entering into a dialogue with the subject to explore intersubjective realisations as an impetus to understanding. The

corollary of this assumption, in terms of the 'hierarchy of complexity' depicted in fig. 2.1 (page 41 above) is further entrenchment in uni-level research despite the multidimensional conceptualisation of culture that Gadamer shares with Dilthey.

The method of *verstehen* was also used by Weber whose work, which transgresses idealism and positivism, has been discussed above in section 2.2. Weber attempts to reconcile the method of *verstehen* with the development of objectivist social science through the typological notion of 'ideal types' which capture the 'spirit' of the *Gestalten* (Burrell and Morgan:1979:231). This kind of positivist typological scheme is seen by Burrell and Morgan as evidence of Weber's implicit positivism which along with his position with regard to ontology and human nature, are considered to be reasons for regarding him as an objectivist sociologist of regulation, similar in approach to behavioural symbolic interactionism (Burrell and Morgan:1979:232). Weber's approach, from this viewpoint, is seen as doing "little more than attribute an element of voluntarism to the individual's interpretation of the world" (Burrell and Morgan:1979:234) and from this perspective cannot substantively be differentiated from functionalism.

Mannheim was prominent amongst a group of Hungarian radical intellectuals, which included Lukács, in the early twentieth century concerned with culture and human values. During the 1920s he worked on developing an interpretive sociological approach to analysis of knowledge. Curiously, Mannheim does not figure in Burrell and Morgan's sociological paradigms (1979). This may be

because his work can be regarded as a synthesis of Dilthey's conception of a Hermeneutical 'world view' and Marx's theory of ideology (Swingewood: 1991:276), which breaches Burrell and Morgan's dictum of the incommensurability of paradigms. Similarly, Mannheim's sociology of knowledge assumed an objective historical reality reflected by a subjective human consciousness (Swingewood:1991:286).

Mannheim identified modern society as characterised by increased alienation, anarchy and intellectual fragmentation and proposed in the concept of 'a dynamic conception of truth' an historicist solution to the problem of objectivity and perspective in a world where competing versions of historical knowledge are evident. Mannheim adopted the Hegelian 'cultural' concept of 'totality' for knowledge and truth, arguing *pace* Burrell and Morgan that all knowledge is commensurable as it synthesises previous knowledge towards 'total knowledge' or a total concept of ideology within the structure of historical reality (Swingewood:1991:277). In the search for immanent holistic and historical truth, the autonomous 'socially unattached' intelligentsia, rather than the proletariat, are capable of elucidating the category of totality, or cultural synthesis, because they are uniquely sensitive to political and cultural fragmentation and aware of the potential for the synthesis of knowledge into a totality (Swingewood:1991:281). Mannheim developed a pessimistic theory of mass society similar to that articulated by the Frankfurt School (Swingewood:1991:281). He recognised as problematic the increasing centralisation, bureaucratisation and commodification of knowledge in modern society and the concomitant erosion of the autonomous role of the free floating

intellectual (Swingewood:1991:284). Mannheim continued to develop a sociological theory of culture but despite the publication of some of his essays this project remained unfinished, although some of the material was published posthumously (Mannheim: 1982).

Phenomenology

Husserl, who may be regarded as the founder of the phenomenological movement, treats *verstehen* as having an ontological status, rather than a mere method, and can be regarded as adopting an unequivocally subjectivist approach (Swingewood:1991: 232). By elevating *verstehen* to an ontological status, phenomenology advocates a philosophy of the 'life world' or *Lebenswelt* holding human consciousness to be the creator of the external world and the phenomena in it to be willed into existence through intentional acts which are treated as 'essences' (Swingewood:1991:232). The world is thus created through human consciousness and ontologically constitutes a 'stream of consciousness'. Methods of 'phenomenological reduction' (Swingewood : 1991:268), 'direct intuition', 'insight into essential structures' of daily life experiences and the procedure of *epoch*, requiring the phenomenologist to suspend his or her complicity in 'taken for granted' everyday subjective attitudes, are the non-positivist epistemological consequences of Husserlian phenomenology (Burrell and Morgan:1979:233). The employment of the *epoch* so that knowledge is the product of the intentionality of the 'pure consciousness' means the putting aside of culture, society and history to concentrate upon the inner consciousness beyond the subjective 'life world' or *Lebenswelt* (Swingewood: 1991:269).

Alfred Schutz was influenced by the work of Husserl in his own development of phenomenology. Rather than purify consciousness of all 'impure' empirical elements, Schutz starts from everyday experiences in the *Lebenswelt* which is constructed intersubjectively between actors (Swingewood:1991:269). Actors in this inter-subjective construction of the 'reality' of this world employ 'common sense' typifications to configure 'common sense' meaning and understanding so that the individual structures the life-world " through consciousness: the stock of knowledge, typifications and relevance" (Swingewood:1991:270). Culture is, therefore, the intersubjective outcome of the construction of everyday common understanding, a framework of meaning, a universe of significations. Members of a culture use the identification of it as involving 'us' sharing a language, rules, roles, statuses and historicity that 'we', as cultural members, understand and value (Swingewood:1991:271) as the 'natural attitude'. The subjective consciousness and action of humans are meaningful, therefore, in their relation with social structure and institutions (Swingewood:1991:272).

Ethnomethodology derives largely from the phenomenology of Schutz (Burrell and Morgan :1979: 247) and is also concerned with sense-making in everyday life, ways of making everyday activities 'accountable' to others and understanding from within the 'accomplishments' of everyday interactions which draw upon embedded or 'taken for granted' assumptions, conventions and practices (Burrell and Morgan:1979:247) in the *Lebenswelt*. As a result, 'ethnomethodology' regards culture as a system of shared cognitions which

determine a finite set of rules (Smircich:1983:342). Ethnomethodological analysis typically focuses upon notions of 'indexicality' and 'reflexivity' as vehicles enabling social participants to account for, justify and rationalise their actions (Burrell and Morgan:1979:248). Garfinkel is regarded as the originator of empirical ethnomethodology and his work can be seen as a response to Schutz's concern for analysing the 'natural attitude' (Burrell and Morgan:1979:249) through the study of the indexicality of everyday accounts of activity. Garfinkel sees Parson's action theory as failing to explain how actors acquire knowledge and understanding of cultural norms and the practicalities of this acquisition is lost in Parson's 'unreal' distinction between the normative and empirical order (Swingewood:1991:273).

In emphasising 'atomised' individuals' contextual construction of freely constructed meaning in everyday activity, however, ethnomethodology, from one viewpoint, abandons the investigation of action and interaction beyond its immediate context which is to "abandon all hope for a sociology grounded in the complex relation of self to society, agent to structure. Ethnomethodology is the ultimate trivialisation of voluntarist sociology" (Swingewood: 1991: 274) which, from this perspective, denigrates the collective or 'cultural' aspects of human existence. In other words, ethnomethodology abandons any conception of structure, whether it be the 'roots' of ideational structure or of institutional structure. In terms of the 'cultural tree' it is a denial that the individual 'leaves' are dependent in any way upon these structures.

Phenomenological symbolic interactionism derives from Mead's work and is typified by an emphasis upon the emergent properties of interaction (Swingewood:1991:251). In contrast to behavioural symbolic interactionism it is anti-positivist and shares an interest in many of the issues of interest to ethnomethodologists along with its basic assumptions about ontology and human nature. Its prime concern is to investigate how social reality is constructed through the use of typifications or 'ideal types' which are granted an ontological status (Swingewood:1991:252).

ADVANTAGES & DISADVANTAGES

Apart from the transcendental phenomenology of Husserl, these sociological approaches have in common a concern with the 'life world' or *Lebenswelt*. Their views converge upon the role of language as a medium of practical social activity. This is compatible with the ordinary language philosophy of Wittgenstein which also emphasises the importance of "meaning in context" (Swingewood:1991:254) encompassing cultural communication as an ongoing 'accomplishment' characterised by indexicality, reflexivity and the underlying rules of 'forms of life' (Swingewood:1991:254). In terms of the hierarchy of complexity represented in fig. 2.1 (page 41 above) Schutz and Garfinkel appear to move away from the holistic agenda of Hermeneutical understanding and restrict their level of analysis to everyday common understanding as expressed through language at the level of the 'leaves' of the cultural tree.

Cultural Anthropology

In anthropology, Boas developed 'historical particularism' as a counter to eighteenth and nineteenth century notions of cultural enlightenment, evolution and progress towards civilisation on a Euroamerican model (Harris:1991:401). The emphasis of historical particularism upon the uniqueness and validity of each culture amounted to a denial of the prospects of a generalised cultural science, a promotion of the concept of cultural relativism and a dedication to ethnographic field research (Harris:1991:401). These subjectivist sentiments appear to have been dominant in twentieth century anthropology in comparison to sociology and social psychology where objectivist orthodoxy has been dominant. Altman (1996) differentiates anthropological approaches from psychological approaches in terms of level of analysis and methodology employed. Altman's suggestion is that anthropology is an 'outside in' investigation of larger units of analysis which infers the characteristics of a given culture from an externalised perspective which can lend itself to a typological (or 'ideal' model) approach for some social anthropologists such as Mary Douglas (Altman:1996:119). Diametrically opposed is the 'inside-out' cultural inductive approach of social psychology, such as Hofstede's (1980) 4-D model, which pursues an individual frame of reference from an internalised perspective (Altman:1996:119). Hofstede similarly distinguishes between anthropological and psychological approaches in terms of the propensity of anthropology to focus upon marginal, ideographic-emic search for wholes or *Gestalten* in contrast to psychologist's attraction to focus upon modal, nomothetic-etic search for general laws or *Gesetze* (Hofstede:1980:33).

However, the apparent consensus between himself and Altman is limited since Hofstede labels the psychological approach as 'measuring-from-without' and the anthropological approach as 'understanding-from-within' (Hofstede: 1980:33).

Cognitive Anthropology (Ethnoscience) assumes culture to be shared knowledge or cognitions and thus generated by the human mind (Goodenough:1971) through the establishment of taken-for-granted rules, paradigms or grammar governing perception and social action (Smircich:1983). Geertz exemplifies the Weberian injunction for social scientists to study meaning (Griswold:1994:17). His definition of culture, which emphasises historically transmitted complex patterns of meaning towards life and the behaviour associated with symbols, may be regarded as representative of the current sociological definition of culture (Griswold:1994:10). As culture is a system of shared symbols and meanings, symbolic action requires interpretation of the 'themes' of a culture using 'thick description', showing the ways in which symbols are linked in meaningful relationship and related to the activities of the members of the culture (Smircich:1983:350).

Structuralism

Structuralism is a post W.W.II social theory that shares many of the holistic assumptions evident in functionalism. The most important source of structuralist ideas is in the work of Saussure, but influence can be traced to Durkheim and Marx and the anthropologist Levi-Strauss can be credited with development of structuralist ideas within the social sciences

(Giddens:1989:695). Giddens (1989) considers structuralism to be one of the most important current theoretical approaches within sociology but suggests that it has certain weaknesses which limit its usefulness in relation to certain aspects of human behaviour such as communication and culture. Structuralism does not figure in Burrell and Morgan's work and it may be assumed that the linguistic origins and anthropological developments that characterise structuralism led Burrell and Morgan to disregard it as an aspect of 'sociology'. In terms of their paradigms, many aspects of it would seem to fit reasonably comfortably within the functionalist paradigm albeit at the subjectivist end although Smircich (1983) unequivocally regards it as interpretive as it sees culture as a 'root' metaphor rather than a dependent or independent variable (Smircich:1983:342). The structuralist's emphasis upon meaning within language reveals subjectivist assumptions which distinguish it from objectivist forms of functionalism in terms of its:-

"rejection of objective social facts and a concept of society as an objective, non-problematic external datum. Social facts have to be reconstituted in a theoretical discourse if they are to have any meaning at all. In short, structuralism defines reality in terms of the relations between elements, not in terms of things and social facts. Its basic principle is that the observable is meaningful only in so far as it can be related to an underlying structure of order"
(Swingewood . 1991: 296).

Saussure was the "most important early source of structuralist ideas" (Giddens:1989:698). He emphasised the role of the grammatical structure of language in constructing the meaning of what we say and hear. Language as a 'system', for Saussure, constitutes a 'social fact' in terms of a collective representation and is not reducible to psychological or historical explanations. Saussure focuses upon 'synchronic' linguistics which regards the current systematically functional role of language as determining how meaning is

constructed (Swingewood:1991:297). As a consequence, Saussure appears to allow little room for voluntarism. Meaning is “created by the *differences* between related concepts which the rules of a language recognize” (Giddens:1989:699), not by the objects to which they refer or by the individuals who refer to them in speech. Meaning is also transmitted through non-verbal forms involving the differentiation between objects; this aspect of structuralism has come to be known as semiotics (Giddens:1989:699).

Levi-Strauss led the use of structuralism within the social sciences (Giddens:1989:699). He conceives culture to be a projection of mind’s universal unconscious infrastructure (Smircich:1983:342) or as the expression of unconscious psychodynamic processes. Discovering the structure requires examination of the pattern of interrelationships between components within the unconscious mind by determining the definition and function of these structures in solving problems. The emphasis is not solely upon the conscious interpretations of the cultural participants, but on the ‘real’ underlying unconscious influences determining social arrangements. The concern is with psychological uniformities underlying superficial differences in thought and behaviour (Harris:1991:405). These uniformities are universal tendencies to dichotomise and to mediate the oppositions by a third concept which itself then becomes the basis of another dichotomisation. In this process, Levi-Strauss pays particular attention to myths as vehicles for the resolution of incessant recurrent oppositions in all cultures (Harris:1991:405).

ADVANTAGES & DISADVANTAGES

In terms of the 'cultural tree', the interpretivists focus is emphatically upon the 'leaves' of everyday cognition and behaviour. Their contribution, particularly that of Schutz, is in establishing the importance of 'common sense' typifications and other mental schemes in the establishment of rules for construction of meaning and everyday interaction. Their exploration of the linguistic consequences of this are important contributions to cultural analysis. In terms of the hierarchy of complexity depicted in fig. 2.1 (page 41 above), the interpretivists mainly occupy a type 'D' categorisation. They are inclined to satisfy the essential criteria for multidimensionality in cultural conceptualisation but are not inclined towards multi-level research operationalisation. Their focus upon the everyday cognition and behaviour of socio-cultural actors has the effect of restricting their level of analysis to these phenomena at the 'leaves' of the cultural tree. This to a large extent complements the type 'C' functionalists whose analysis is restricted largely to the corresponding 'roots' or ideational structures of culture.

In this thesis, some of these ideas have influenced the examination of everyday life in Hong Kong business networks which is reported in Part 3. This qualitative study has been designed to be sensitive to the subjective interpretations of actors and to the 'spirit' or ideational character of their understanding of reality within a web of relational networks.

2.5 SUMMARY AND CONCLUSIONS

This chapter has reviewed conceptions of culture within the social sciences using a typology of cultural theories enabling their positioning within a 'hierarchy of complexity'. Within this hierarchy, Burrell and Morgan's 'functionalist' and 'interpretivist' paradigms determine the horizontal position of theories and their capacity to satisfy definitions of multidimensional conceptualisation and a multi-level research operationalisation enable ranking within the hierarchy.

Within this framework it seems clear that considerable differences in assumptions about the philosophy of science are constituted by different sets of assumptions related to ontology, epistemology, human nature and methodology which determine a continuum from more 'objectivist' approaches to approaches within subjectivism. As a result, considerable differences are evident relating to the importance and the nature of culture, values, norms, institutions and other 'elements' and constructs such as roles, goals, beliefs, structures, systems, action and behaviour. Other tensions are apparent between theories concerning the existence, importance and nature of the process of transition from traditional to modern culture and society.

Functionalism

Although considerable differences in approach are apparent amongst theorists, it is important to recognise areas of consistency and consensus also exist. In the main, the functionalists address the problem of social order from an essentially objectivist position and, although the pattern of their assumptions

about ontology, epistemology, human nature and methodology does vary, the functionalists mainly adopt a position of realism, positivism, determinism and nomothetic methodologies. The functionalist mainly "identifies culture within the values that direct the social, political, and economic levels of a social system. In the functionalist perspective, it follows, a fit exists between culture and society because any misfit would be dysfunctional" (Griswold:1994:9). However, most functionalists, and certainly those within Integrative Theory, assume a relationship of co-determination between culture and society rather than a simple cultural determinism.

The sociologists within the functional paradigm can be differentiated on a continuum from atomistic to holistic approaches. This corresponds to the basic theoretical dilemma concerning human action and social structure (Giddens:1989:703) which makes different assumptions about the constraining effect of society on individual behaviour. Action theory occupies a more voluntarist position compared with other schools of thought within functional social science, but Parsons can be seen as attempting to "bridge the gap between 'structural' and 'action' approaches" (Giddens:1989:705).

Another theoretical dilemma identified by Giddens concerns features of modern social development, or the question of identifying the "determining influences affecting the origins and nature of modern societies" (Giddens:1989:703). This is of particular relevance to a central issue of this thesis; the examination of the cultural influences in Hong Kong upon successful economic activity, development, and business behaviour. In Giddens' theoretical dilemma the

question is whether the determining influences affecting the origins and nature of modern societies are economic (as advocated by Marxists) or non-economic (as advocated by Weber). Within this context it is clear that the majority of functional sociologists seem to adhere to Weber's view. The problem with Giddens' dilemma in terms of Hong Kong is its inherent ethnocentricity which is a reflection of the western focus of Marx and Weber which constitutes a Western political continuum founded upon Western philosophy and history. This leads to the desire to embark upon factual studies of the paths of development of modern societies, and Third World countries, which "help us assess how far patterns of change conform to one side or the other" (Giddens:1989:710). This Western ethnocentrism expects the world to be understood from a Western mind set and leaves little or no room for understanding of the indigenous patterns of change outside Western historical and philosophical experience.

With regard to Hong Kong, the Overseas Chinese and East Asia generally the pervasive problem is the Western ethnocentrism inherent in many of the theories which are mostly traceable to Greek philosophical origins and which usually reflect the Western historical experience; moving from traditional *Gemeinschaft* to modern *Gesellschaft* society. Chinese thought is substantively different from Western philosophy. Therefore, if we accept that philosophy underpins our knowledge base (Lessem:1996), we must reconsider the relevance of Western paradigms to the Chinese condition. Sinicists contest whether the difference is substantive but amongst them there seems to be a broad consensus that Chinese 'philosophy' is different from its Western

equivalent in content and methodology (van Norden:1996:225). Chinese philosophy differs in its greater emphasis upon humanism, synchronicity and balance. Similarly, Chinese ethical thinking emphasises a complex interrelationship between moral virtue and duty (Hansen:1996, Lowe:1996). It may have had more in common with ancient Greek than contemporary Western philosophy with its focus upon the nature of modern society, knowledge and Truth.

Within functionalism it appears that the principal direct challenge to ethnocentrism comes from the social psychologists. This may be a result of the long tradition of anti-ethnocentrism within cross-cultural social psychology. The irony here is that the social psychologists appear amongst the most resilient defenders of Western 'objectivism'. The approaches within social psychology identified as influential in this chapter appear to be more internally consistent than amongst the sociologists. Hofstede's model was recognised as the seminal work in the field and was described in some detail along with the more recent addition of a 'fifth dimension' to the original model as a result of the work of Michael Bond and *The Chinese Culture Connection* (1987). Schwartz's models were presented as both similar and different to Hofstede's model. They are similar in that the values described are comparable to those of Hofstede and differences are attributable partly to the fact that Schwartz's models are not restricted to work-related values. The principal difference was described as the assertion that individual and collective value systems are structurally equated.

The failing that characterises most functionalist approaches is that they share the simplistic 'close fit' assumption between culture and social structure (Griswold:1994:9) which regards one phenomena as a simple 'reflection' of the other. The contentions within functionalism between simpler models can be reduced to a dispute as to which is the dependent and which the independent factor, but both sides of the debate adhere to an assumption of a direct relationship between cultural meaning and social structure. The problem with relation to Hong Kong is that this conception of reflection is rooted in Western philosophy traceable to Plato's theory of forms and Aristotelian cultural theory (Griswold:1994:25). As a result, the wholesale adoption of these simpler functionalist theories is suspect and ethnocentric when applied to Hong Kong context. Another problem with the simple cultural reflection model is that it ignores or downplays the role of human agency and the influence of the receivers of cultural communication in everyday situations (Griswold:1994: 43). The organismic character of the cultural tree sits somewhat uncomfortably with the intrinsically mechanistic approach of 'simpler' forms of functionalism.

Integrative Theory as a set of more complex, hybrid approaches appears to offer the best prospects for functionalist sociology in relation to the East Asian region but, as these approaches all emerge from a Western intellectual tradition which has Western historical antecedents and focus upon Western problems, they are likely to be restricted to contributing to analysis of the region rather than providing a complete 'package'. The use of integrative theory in Hong Kong would have to be sensitive to the socio-cultural milieu of Chinese societies. This more 'complex' functionalism sits more comfortably

with the organismic metaphor of the cultural tree. However, we need to be careful that the tree being examined is the right 'species' and that we are not examining a Western tree, assuming it to be the same in Hong Kong.

Interpretivism

The interpretivists views converge upon the role of language as a medium of practical social activity which also emphasises the importance of meaning in context created through 'cultural' communication as an ongoing 'accomplishment' characterised by indexicality, reflexivity and the underlying rules of 'forms of life' (Swingewood:1991:254).

Interpretivists have tended to restrict their level of analysis to everyday common understanding as expressed through language at the level of the 'leaves' of the cultural tree. Their contribution, particularly that of Schutz, is in establishing the importance of 'common sense' typifications and other mental schemes in the establishment of rules for construction of meaning and everyday interaction. Their focus upon the 'leaves' of the cultural tree and their position within the 'hierarchy of complexity' complements the functionalists whose analysis is restricted largely to the corresponding 'roots' or ideational structures of culture.

This complementarity between functionalism and interpretivism is the basis for justification of a synthesis. The case for synthesis is furthered by the recognition of a complementarity in the development of each approach. For Interpretivism, a shared multidimensional conceptualisation of culture and a

generally multi-level research agenda for cultural operationalisation has not been matched by empirical output. In contrast, within functionalism, a substantial output of empirical study is evident.

The prospect for synergy's by synthesising these approaches are evident in that the advantages of interpretivism have the potential to compensate for the disadvantages of functionalism and *vice versa*. The area for optimal synergy's and for the greatest complementarity appears particularly within transition zone between paradigms amongst complex, multi-dimensional conceptualisations with multi-level operationalisation research agendas. In this respect, Archer's (1996) morphogenic systems approach displays the greatest promise for development of the understanding of culture. The theoretical validification of Archer's model is, therefore, one of the principal objectives adopted in the empirical studies conducted in this thesis and reported in part 3.

NOTES

- ¹ 'Emic' or ideographic studies as opposed 'etic' or nomothetic studies distinguish the unique or specific perceptions of the observed from the general and comparable perceptions of the observer.
- ² By 'outside variable' Schwartz is referring to any variable outside the value types identified in his analysis for which researchers would like to generate hypotheses about relationships between the value priorities and such outside variables. For example, age would be a variable outside the continuum of value types which researchers may be interested in exploring in terms of its relationship to 'conformity'.

CHAPTER 3: THEORIES OF CULTURE, MANAGEMENT AND ORGANISATION

3.1 INTRODUCTION

This chapter follows on from the background review of general theories of culture in chapter 2 which provides a foundation for examining more specific literature relating to culture, work, management and organising (institutions and organisations), particularly with reference to Hong Kong and other Overseas Chinese cultures.

As in chapter 2, a dimensionality / paradigm categorisation enabling the construction of a 'hierarchy of complexity' is used along with the metaphor of culture as a tree to organise the discussion. The purpose is to evaluate the more specific literature on culture and organisation. The identification of complex multidimensional / multi-level approaches provides the general theoretical context within which some theorists have enabled a middle path between idealism and positivism to facilitate the pursuit of complementary inter-paradigmatic approaches. This provides the theoretical context for the development and empirical examination of a framework for culture, networks and action in the Hong Kong 'businessphere'.

The chapter begins with a review of typologies of culture which affirm cultural analyses as varying in terms of degrees of complexity. This is followed by the construction of a 'hierarchy of complexity' incorporating the categorisation of principal contributions to cultural analysis involving considerations of organisation, management and work , particularly with reference to Hong Kong.

3.2 TYPOLOGIES OF STUDIES OF CULTURE, MANAGEMENT AND ORGANISATION

In this section typologies of cultural analysis involving management and organisation are reviewed. The commonality identified within these typologies is an explicit or implicit recognition that cultural analysis varies in terms of its capacity to accommodate complexity.

Ajiferuke and Boddewyn (1970)

Ajiferuke and Boddewyn (1970) provided a typology of four major explanations of comparative managerial similarities and differences. In the first type, 'cultural' explanations assume culture to be the independent variable. This includes a multiplicity of definitions of culture and involves empirical and non-empirical approaches. Haire, Ghiselli and Porter's (1966) study, which measured comparative managerial attitudes, motivations and satisfactions in different countries, is cited as the most extensive empirical study at that time (Ajiferuke and Boddewyn:1970:156). The Haire, Ghiselli and Porter study clustered developed countries according to socio-cultural criteria but assigned the level of industrialisation as determining the characteristics of responses from developing nations and so concluded that culture was an important, but not dominant, influence on comparative management (Ajiferuke and Boddewyn:1970:156). Ajiferuke and Boddewyn considered the cultural approach to be the most common and popular but were wary of its imprecision and the rather deterministic 'black box' mentality attached to it.

The second classification of explanations of comparative managerial similarities and differences, identified by Ajiferuke and Boddewyn, is for 'economic explanations' (Ajiferuke and Boddewyn:1970:156) which principally link managerial similarities and differences to the nature of economic development and particularly the extent of industrialisation. This approach is characteristically economically deterministic and universalist, as epitomised in the 'convergency hypothesis' of Kerr et al. (1954,1960) which originally posited that managerial behaviour, determined by the economic environment and convergence of industrial development world wide, will mean a convergence of managerial behaviour (Ajiferuke and Boddewyn:1970:157).

The third classification in Ajiferuke and Boddewyn's typology is for 'psychological explanations' (Ajiferuke and Boddewyn:1970:158) which contend that personality traits are the principal determinants of managerial similarities and differences. Ajiferuke and Boddewyn recognise that these traits are likely to be influenced by culture. The psychological approach is characteristically psychologically deterministic and usually empirically based. This is epitomised by McClelland's (1961) study on the importance of the 'achievement motive' as a determinant of economic development and managerial behaviour and Hagen's (1967) identification of an 'inferiority complex' as a motivation of innovators and thus innovation (Ajiferuke and Boddewyn:1970:159). The final classification in Ajiferuke and Boddewyn's typology is for 'sociological explanations' which are regarded as a hybrid of the cultural and psychological explanations in that they focus upon the effect of the socio-economic, demographic, ethnic and educational background of

managers in explaining their attitudes and behaviour (Ajiferuke and Boddewyn:1970:160). The importance in relationship to the 'unidimensional' and 'multidimensional' definitional distinction is that Ajiferuke and Boddewyn (1970) provide an early recognition that cultural conceptualisation and study can be classified by differential complexity.

The significance of this for the cultural tree is that 'culture' is recognised as a phenomenon with different levels, of different characteristics, with different analytical approaches. This is, therefore, entirely consistent with the cultural tree metaphor and the multi-levelled approach it engenders.

Bhagat and McQuaid (1982)

The comparative management literature, focusing upon cross-cultural psychological research on micro-organisational behaviour, for the 1970's is reviewed by Bhagat and McQuaid (1982). In common with Ajiferuke and Boddewyn (1970), the complaint of poor definition of culture and absence of consensus as to its meaning is levelled against the majority of researchers in the 1970s (Bhagat and McQuaid:1982:653). Bhagat and McQuaid adopt the definition of 'subjective' culture proposed by Triandis et al. (1972) as referring to a group's characteristic way of perceiving its social environment reflected in "differences in belief systems, attitude structures, stereotype formations, norms, roles, ideologies, values, and task definitions" (Bhagat and McQuaid:1982:655) which enables the distinction between 'subjective' culture and 'objective' culture (material culture or cultural 'artefacts'). For Bhagat and McQuaid, subjective culture is differentiated from the idea of 'nation' which may

only be approximately related and with which it ought not be conflated. Emphasis is placed upon a claim of an inadequate concern for the 'emic' (culture-bound) approach and an over reliance upon 'etic' (culture-free) cross-cultural comparison within the literature (Bhagat and McQuaid: 1982:655).

A conceptual framework for classifying the studies is introduced showing one dimension which distinguishes 'cultural' from 'organisational' socialisation and the other 'temporal' dimension which distinguishes primary (formative and simple) from secondary (assimilated at or 'near' adulthood and more 'complex') response patterns. This enables the characterisation of four categories of analysis; cognitive style, attitudes and values, work motivation and job satisfaction.

Cognitive style is presented as the most fundamental level of analysis which is developed through socialisation in childhood and assumed to be stable throughout people's lives (Bhagat and McQuaid:1982:657). As the 'elemental' socialisation form, cognitive style configures the subsequent socialisation forms of attitudes and values, work motivation and job satisfaction. These are in turn dependent upon each other in ascending order. In their review of the literature on cognitive style, the central construct is field-dependence and independence (appearing similar to Rokeach's (1968) 'inner vs. outer directedness') which distinguishes a 'traditional' collectively dependent cognitive style from 'modern' individualistic independent cognitive style (Bhagat and McQuaid :1982: 658).

The literature on 'attitudes and values' is identified as being more extensive and is sub-divided into categories on personal values, ancestral values, Japanese value system and work-related values. In the latter category, Hofstede's (1980) 4-D study is recognised as seminal in that the "most significant cross-cultural study of work-related values is the one recently carried out by Hofstede (1980)" (Bhagat and McQuaid:1982:663). Bhagat and McQuaid regard Hofstede's "contribution to be of immense value" (Bhagat and McQuaid:1982:664). The literature on work motivation reveals the dominance and ethnocentricity of research relating to McClelland's *nAch* (achievement) model (Bhagat and McQuaid:1982:667). Bhagat and McQuaid deduce from the literature that research outside Anglo-America suggests that the meaning and effect of achievement motivation is differentiated around the world by differences in sociocultural contexts and situational cues (Bhagat and McQuaid:1982:669). They support further investigation of the proposition by Heckhausen that the problem with the global generalisability of McClelland's achievement motivation is in its lack of differentiation between the affective motivations of 'fear of failure' and 'hope of success'. The former may be more prevalent outside Western cultures (Bhagat and McQuaid:1982:669) and the suggestion is that the individualistic emphasis of *nAch* may be displaced by a more collective equivalent in traditional cultures (Bhagat and McQuaid: 1982:670).

Research on job satisfaction occupies the most 'organisationally specific' and least elemental form of socialisation as well as the most atheoretical and undeveloped material in Bhagat and McQuaid's framework (Bhagat and

McQuaid:1982:671). Orpen's (1974) study is recognised as the exception to this theoretical and methodological vacuum as it tests Herzberg's two-factor theory involving job content (motivators) and job context (hygiene factors) demotivators. The conclusion is that culture, specifically the degree of acculturation of South African employees into Western values, is an important moderator of the job-satisfaction-job performance relationship which is consequently culture-bound (Bhagat and McQuaid:1982:673). As with Ajiferuke and Boddewyn (1970), this is a recognition that cultural conceptualisation and study can be classified by differential complexity. Here the complexity refers to the subject content rather than to the sophistication of the research approach.

Bhagat and McQuaid's framework is employed below to examine 'culture's consequences' for management, organising and research in Hong Kong. In terms of the cultural tree, it provides further support for the multi-level approach.

Adler (1983)

Adler (1983) provides a more broad-based typology delineating six approaches to cross-cultural management; namely parochial, ethnocentric, polycentric, comparative, geocentric and synergistic. The assumptions of each approach are identified in terms of similarities and differences across cultures and the extent of universality of management phenomena, the nature of the issues addressed by each approach and the methodological issues arising (Adler:1983:29).

'Parochial' studies are identified as the most common form of management research which, as the term implies, are domestic (single culture and usually American) studies which assume universality and similar applicability in other cultures, whilst employing traditional methodological approaches which do not include culture as a variable but as a "constant" (Adler:1983:33).

'Ethnocentric' research attempts to replicate domestic (usually American) studies in other countries and thus involves testing for universal applicability in the search for international similarities to show that the research results are not culturally dependent (Adler:1983:34). 'Polycentric' studies are focused upon 'emic' characteristics of different cultures. The comparison of institutions is subject to the 'Malinowskian dilemma' which causes problems in the possibility of such comparisons (Adler:1983:34). The purpose is to develop indigenously appropriate research and theory which is to deny universality and to focus upon difference rather than similarity using inductive, phenomenological and ideographic methods (Adler:1983:35).

'Comparative' research focuses upon similarities and differences across cultures and distinguishes theory by the degree of its emerging universal applicability, without being ethnocentric in tenor (Adler:1983:35). The methodology encompasses emic and etic approaches which present a set of methodological problems and dilemmas to the researcher. The process of maintaining requisite balance is described as "complex" (Adler:1983:42) requiring substantive rigour, time and expense for researchers. 'Geocentric' studies are the penultimate in Adler's (1983) classification. They focus upon

the activities of multi-national organisations and search for international similarities, under the assumption of the universality of management theories (Adler:1983:42) and, consequently, tend to employ an essentially 'culture-free' approach.

Adler's final classification is 'synergistic' research which focuses upon intercultural interaction in work settings examining the conditions appropriate for pluralism or geocentrism in management policy (Adler:1983:43). The assumption is that management can create an appropriate balance between universalism and pluralism through an action approach. Adler concludes that cross-cultural management research is characteristically embryonic, eclectic and full of conceptual and methodological disputes despite its apparent progress during the period prior to 1983 and its promising future (Adler:1983:45).

As with Ajiferuke and Boddewyn (1970) and Bhagat and McQuaid (1982), this is another recognition that cultural conceptualisation and study can be classified by differential complexity. Here the complexity refers to the underlying assumptions in terms of epistemology, methodology, and to the degree of ethnocentricity inherent in the study. This appears entirely consistent with the cultural tree metaphor and its multi-level implications as well as consonant with the idea of the 'hierarchy of complexity' to categorise cultural analyses at this level, as represented in fig 3.1 (below).

Smircich: 1983

In the same year as Adler presented her typological schema, Linda Smircich provided an equally valuable review of concepts of culture and organisational analysis (Smircich: 1983). Five research themes are identified as occupying the most important areas of study where culture theory and organisation theory intersect (Smircich: 1983: 339). These are identified as comparative management, corporate culture, organisation cognition, organisational symbolism and unconscious processes and organisations. Smircich proposes that these different perspectives produce different conceptions of culture and address different questions, interests and underlying assumptions about human nature and ontology which encourage different metaphorical representations of organisations and cultures (Smircich:1983:340). The five themes thus represent an intersection of assumption consensus in organisation theory and cultural theory but they all have in common an underlying concern for the 'problem of order' (Smircich:1983:341). A basic distinction is drawn by Smircich between the first two themes which are essentially functionalist and the remaining three which are interpretive. The interpretive themes include culture as a 'root' metaphor rather than a dependent or independent variable (Smircich:1983:342) and an epistemological device used to frame the study of organisation as social phenomenon (Smircich:1983:353).

Comparative management is portrayed by Smircich as unified by the assumption of culture as an independent variable imported into the organisation through organisational members whose attitudes are, therefore, the source of revelation of cultural influence upon performance

(Smircich:1983:343). This is consistent with the intersection between functionalist anthropology and classical management theory. Corporate culture studies are identified by Smircich as involving examination of culture, largely through a systems perspective. Culture is considered as an internal variable of organisations which generate socio-cultural qualities, values or symbols which act as an organisational 'glue' affecting cohesion, identity, commitment, stability, sense-making and effecting behaviour, performance and manageability (Smircich:1983:346). This is consistent with the intersection between structural-functionalist anthropology and contingency theory in organisation theory.

Organisational cognition is drawn from the intersection of cognitive anthropology (Ethnoscience) and cognitive organisation theory, which leads researchers to view organisations "as networks of subjective meanings and shared frames of reference" (Smircich:1983:349). This is "strikingly similar to the notion of paradigm" (Smircich:1983:350). The underlying assumptions reflect attention to the epistemological basis of social action and emphasis upon 'mind' and 'thought' as critical influences.

Organisational symbolism is drawn from the intersection of symbolic anthropology and symbolic organisation theory which leads its exponents to view organisations as patterns of symbolic discourse requiring interpretation and is "concerned with articulating the recurrent themes that represent the patterns in symbolic discourse and that specify the links amongst values, beliefs and action in a setting" (Smircich:1983:351), or to "document the

creation and maintenance of organization through symbolic action” (Smircich:1983:351). Unconscious processes and organisation derive from an intersection between anthropological structuralism and transformational organisational theory. Its central premise is that culture is the expression of unconscious psychological processes (Smircich:1983:351). The underlying structure of the mind and its surface manifestation in conscious social arrangements forms the cultural emphasis of these structural and psychodynamic researchers.

In her conclusions, Smircich emphasises the potential for cultural analysis in “questioning taken-for-granted assumptions, raising issues of context and meaning, and bringing to the surface underlying values” (Smircich:1983:355) which leads us to recognise that management and its inquiry are culture-bound and to recognise our own values and assumptions. By implication, this is supportive of the idea of differential complexity in approaches to the study of culture and organisation and, as such, is consonant with the cultural tree metaphor. Smircich (1983) is suggesting that we can order approaches in a hierarchy of complexity according to the extent to which they are culture-bound or culture-free. The implication is that the ‘functionalist’ approaches are more simplistic and are culture-bound, and that it is the ‘taken for granted’ assumptions in functionalism that more complex approaches, which view culture as a ‘root’ metaphor, must question.

3.3 THE HIERARCHY OF COMPLEXITY

Figure 3.1 categorises the principal contributions to theoretical developments in culture, work, management and organisation, particularly with reference to Hong Kong, which are reviewed in this chapter. Fig 3.1 maps theories which can be regarded, in varying degrees, as representing multidimensional and multi-level assumptions about cultural conceptualisation and research operationalisation.

The theories are arranged in a rank order in terms of their position as best representing complex multidimensional and multi-level assumptions. They are also arranged along a continuum between 'functionalist' and 'interpretivist' paradigms according to their apparent underlying paradigmatic assumptions about human nature, ontology, methodology and epistemology. As with the corresponding mapping of general theories in chapter 2, this schema serves to show that theories can be arranged in a 'hierarchy of complexity', with Lessem and Neubauer's (1994) cultural tree representing the most advanced assumptions to date concerning cultural conceptualisation and research operationalisation, whilst occupying a position mostly consistent with interpretivism.

Lessem and Neubauer's (1994) metaphorical approach is identified in this chapter as top of the hierarchy of complexity and as the most suitable model for theoretical validation in the empirical research reported in Part 3. This validation requires eclectic borrowing of methods and concepts from other

approaches lower in this hierarchy of complexity. As a result, all theories at all levels in this schema are regarded as providing a valid contribution to the study of culture as a multidimensional and multi-level phenomenon. Their contribution is reviewed here in reverse order of complexity, beginning with multidimensional / uni-level theories.

Fig. 3.1: The Hierarchy of Complexity: A Typology of Theories of Culture, Work, Management and Organisation.

<u>Assumptions concerning Conceptualisation / Research Operationalisation</u>	<u>Paradigms</u>	
	<u>Functionalist</u>	<u>Interpretivist</u>
Multidimensional / Multi-level (Type A & B)		Lessem and Neubauer Griswold, Broekstra Di Maggio Redding, Shaw Johnson & Scholes\ Spender Schein \ Schneider and Barsoux
Multidimensional / Uni-level (Type C & D)	Hofstede, Lytle et al. Orpen, Trompenaars Sekaran and Snodgrass	
Unidimensional / Uni-level (Type E & F)	Whitley, Williamson Kahn, McClelland Porter Kerr et al.	

3.31 The Roots of Hong Kong Culture

In this section Hong Kong's position within the emerging global 'businesssphere' (Lessem:1996:50) is explored using Bhagat and McQuaid's (1982) conceptual framework for classifying cultural studies, which is an appropriate vehicle to examine cultural interpretations for management and organising in Hong Kong

and other Overseas Chinese societies. As discussed above, Bhagat and McQuaid delineate two dimensions; one dimension distinguishes cultural from organisational socialisation and the other 'temporal' dimension distinguish primary (formative and simple) from secondary (assimilated at or near adulthood and more complex) 'response patterns'. This enables the characterisation of four categories of cultural analysis; namely cognitive style, attitudes and values, work motivation and job satisfaction. These levels of cultural analysis are portrayed as representing differentially fundamental or 'elemental' aspects.

Issues involving cognitive style have been addressed in section 3.2 (above) leaving the issues of attitudes and values, work motivation and job satisfaction for consideration in this section and the next. Cognitive style is the most fundamental level of analysis and job satisfaction the least elemental according to Bhagat and McQuaid (1982). The proposition that the lesser elemental forms are dependent on the more elemental and that cognitive style configures the subsequent forms is an assumption characteristic of cultural determinism and must be regarded with some suspicion. Despite this reservation, the classification illuminates how cultural analysis has been applied to the Hong Kong business environment.

For the purposes of this section and the next, Bhagat and McQuaid's (1982) conceptual framework can be condensed into two categories for discussion; namely, 'attitudes and values', and 'structure, strategy, work and motivation in organisations'. An assumption adopted here is that these different levels

inhabit different aspects of culture which can be likened to the 'cultural tree' (Lessem and Neubauer:1994) which comprises different aspects (roots, trunk, branches) all constituted of the same 'genetic' material. Another assumption is that these different levels occupy different "interacting spheres" (Schneider and Barsoux:1997) of cultural influence including national, regional, ethnic, family, industrial, professional, organisational and functional. These spheres are all different but connected in a complex interrelationship, the understanding of which defies any simplistic analysis.

3. 311 Studies of Values and Attitudes ; Culture's Consequences for Hong Kong's Ideational Structure

Schein, Schneider and Barsoux

Schein (1985, 1991) adopts an intermediate position between interpretivism and functionalism. He accepts the interpretivist position of culture residing in conceptual or cognitive frameworks requiring examination beyond the 'thin' description of its surface features (Wright: 1994 :3). Exploration of the holistic and systematic features of culture, from this perspective, require attending to the values and underlying assumptions beneath its symbolic manifestations. At the same time, culture is assumed to be an unambiguous, shared consensus persisting over time which is examinable using positivistic measures (Schein 1991:248). As a result Schein accepts a multidimensional and holistic conceptualisation whilst confining the operationalisation of research to uni-level empiricism. For this reason Schein is categorised as a hybrid of type 'C' and 'D' theory in the 'hierarchy of complexity' (page 162).

Schneider and Barsoux (1997) adopt Schein's (1985) integration of key dimensions of culture in their own dimensions of culture (as well as those proposed by Adler, Hofstede, Hall, and Trompenaars) which they regard as deriving from the work of Kluckhohn and Strodtbeck (1961). In their adoption of Schein's (1985) definition of culture as involving a set of basic assumptions involving shared solutions to universal problems of external adaptation and internal integration, Schneider and Barsoux emphasise that the appeal of this definition is that it:-

"directly addresses the key challenges facing managers: finding solutions to problems of external adaptation - developing **strategies**; and of internal integration - designing **organisations** and determining **HR practices**. These solutions - strategies, structures, and HRM practices - are thus deeply embedded in culture"

(Schneider and Barsoux:1997:20).

In proposing a framework for organising basic assumptions, Hall's (1959,1960) assumptions relating to space, time and language are depicted as 'linking' assumptions between those relating to external adaptation and to internal integration (Schneider and Barsoux:1997:30). The relationship between underlying cultural assumptions is elaborated in terms of :-

"Managing 'relationships with the environment' or solutions to problems of *external adaptation* include assumptions regarding control and uncertainty, the nature of human activity, and the nature of truth and reality, or the way we know the environment. Managing 'relationships among people' (solutions to problems of *internal integration*) includes assumptions regarding the importance of relationships over task achievement, relationships with superiors and subordinates (hierarchy), and relationships with peers (individualism and collectivism). Assumptions regarding time, space, and language are related to both relationships with nature as well as relationships with people"

(Schneider and Barsoux: 1997:30).

This is an eloquent argument in favour of the 'culture-bound' hypothesis. Management involves aspects of interests, agency and ideational structures but these cannot be understood except within broader social, political and

economic structures. For example, Chinese attitudes towards 'relationship with nature' strongly emphasises fatalism and 'outer-directed' focus on 'harmony' as evidenced in the consultation with *feng shui* experts in matters of strategic importance regarding property and business location interests (Schneider and Barsoux:1997:32). Culture, as a consequence, configures meaning and understanding of the environment which in turn must affect how managers deal with what Westerners call 'strategy' which involves prescriptions for dealing with the environment. As a result, to assume that managers can make decisions that are culture-free must be regarded as incoherent.

Typologies of 'culture' are simplifications of a complexity differentiating cultures from each other. These typologies must be used cautiously as the danger in their use is that their simplified depiction can be misused and reified. If used cautiously, however, these typologies can illuminate the complexity we strive to understand. The most enduring of the typologies is the linear distinction between *Gemeinschaft* and *Gesellschaft* (Tonnies 1957,1963,1969). This basic distinction is elaborated in the depiction of two cultural archetypes which incorporate the dimensions of culture proposed by Kluckhohn and Strodtbeck, Hofstede, Adler, Schein, Trompenaars, and Hall (Schneider and Barsoux:1997). The two archetypes differ in their basic assumptions involving shared solutions to universal problems of external adaptation and internal integration, as well as differing in 'linking' assumptions relating to space, time and language. The differences are explained as follows:-

"In cultures where there is perceived control over the environment, time is likely to be seen as monochronic: time can be controlled by schedules and agendas. Perceived control over nature encourages doing and achievement. This in turn reinforces the importance of task performance versus relationships, and of purpose rather than position within a set of

relationships, and of individual initiative rather than group belonging. The importance of performance will tend to align with universal truths, rules and regulations, and direct, or low-context language. It is important to follow procedures and to spell things out clearly to make sure they happen as planned.

On the other hand, cultures where there is little perceived control over nature do not believe that time can be actively managed, or put into boxes. Given little control over what happens, the kind of person you are is more important than what you do - being takes priority over doing and ascription over achievement. Task performance is seen as less meaningful than relationships. The group or collective thus becomes an important source of control; social control rather than task or performance controls. Given the importance of the group, there tends to be more interaction among people and greater cohesiveness within the group. Loyalty is valued and moving from group to group becomes unlikely (low mobility). Thus language tends to be high context, as there is a greater shared meaning that has evolved over time. As saving face becomes important to preserve harmony, there is more concern with feelings than absolute facts"

(Schneider and Barsoux:1997:42).

This has a bearing upon the family companies operating within networks in the Chinese diaspora, particularly in their characteristics emphasis upon relationships, loyalty, obedience and a paternalistic communication and management style (Mead:1994:321) which is a situation-oriented, pragmatic business culture in sharp contrast to the impersonal bureaucratic procedures of the US 'model' (Mead:1994:309).

The evidence suggests that the *Gemeinschaft* cultural archetype most closely describes Hong Kong and other Overseas Chinese cultures, which appear to value social capital (Putnam:1993) as underpinning the prosperity of the community. In a study of the Chinese value system and its influence upon managerial behaviour by Jou and Sung (1990), Chinese firms were characterised as ranging from purely traditional to a hybrid of Confucian and Western value systems. Three traditional Chinese principles were evident in all of the Chinese firms examined. These principles were paternalistic family 'patriarchy', authoritarian leadership, and the ethics of putting 'human-prior-to-matters' and placing 'moral-over-capability' (Jou and Sung:1990:626). These findings support their proposition that a hybrid of traditional Chinese and

modern Western value systems would become the norm, resulting in a ubiquitous “management by trust” (Jou and Sung:1990:625).

Consequences for Work and Organisation of Hofstede's Four-Dimensions

In this section, the organisational consequences of Hofstede's model of national cultural differences are described, again using Hong Kong and Britain as examples of contrasting cultures. The global cultural environment is categorised by Hofstede (1980) initially on four dimensions including ‘Power Distance’, ‘Uncertainty Avoidance’, ‘Individualism-Collectivism’ and ‘Masculinity-Femininity’.

Power Distance

Power Distance involves the universal issue of human inequality to which different societies have different solutions. It concerns inequality in power in a society, in families, at school and particularly at work. Power Distance informs us about *vertical dependence relationships*. In countries with large PDI scores (i.e.: Hong Kong), subordinates feel dependent on their superiors and are ‘afraid to express disagreement’. The result will either be a preference for an autocratic / paternalistic boss or an outright rejection, but there is little indifference since the relationship is *morally based*. In contrast, within low scoring PDI countries (i.e.:U.K.) there is less of a dependence and more of a *contractual* relationship between subordinates and superiors resulting in a preference for a consultative rather than autocratic style of leadership. Power Distance, therefore, can be defined as “the extent to which the less powerful members of institutions and organisations within a country expect and accept

that power is distributed unequally” (Hofstede:1991:28). The source of PDI differences in the workplace is, according to Hofstede, in earlier periods of socialisation when “ attitudes towards parents, especially fathers, and towards teachers, which are part of our mental programming, are transferred towards bosses ” (Hofstede: 1991:35).

The influence of Power Distance on organisations and work is pervasive according to Hofstede. The most significant influence is the effect of Power Distance on organisational structure as “PDI is clearly related to the Aston dimension of 'concentration of authority' ” (Hofstede:1984:106). By this Hofstede is proposing that PDI will tend to affect the degree of centralisation in an organisation and the number of hierarchical levels present.

The implication is that organisations in high Power Distance countries (e.g. Hong Kong) will tend to prefer greater centralised organisational structures than those in low Power Distance countries (e.g. the U.K.). Other consequences for organisations and work proposed by Hofstede are summarised in table 3.1 (below).

Table 3.1: Consequences of National PDI Score Differences for Work and Organisations
[adapted from Hofstede, 1984, 1991]

<u>Low PDI</u> (e.g.:UK)	<u>High PDI</u> (e.g.:HK)
Decentralisation Lower concentration of authority Flatter organisational pyramids	Centralisation Higher concentration of Authority Taller organisational pyramids
Hierarchy involves inequality of roles, established for convenience	Hierarchy reflects existential inequality between superiors and subordinates
Smaller proportion of supervisors in workforce	Higher proportion of supervisors in workforce
Narrow salary range between top and bottom. Lower differential in qualifications and status Consultative relationship between superior and subordinate. Ideal boss is resourceful and democratic Mixed feelings about employee participation in management Informal employee consultation possible without formal participation	Wide salary range between top and bottom. Higher differential in qualifications and status Autocratic style of management. Ideal boss is benevolent \ paternal Ideological support for employee participation in management Formal employee participation possible without informal consultation

Individualism - Collectivism (IDV)

This dimension concerns the degree of *horizontal dependence of individuals upon the group*. The survey questions on which the IDV index, which is Hofstede's measure of Individualism / Collectivism (I/C), are based on a set of fourteen 'work goals' relating to the 'ideal job' for respondents. Individualist cultures placed emphasis upon a job allowing independence through 'personal time', 'freedom' and 'challenge' at work, whereas collectivist cultures emphasise dependence upon the organisation in providing 'training', good 'physical conditions' and enabling full 'use of skills'. This dimension tends to be negatively correlated with power distance and both dimensions were correlated with economic development. In terms of the two countries being used as examples here, Hong Kong is collectivist and The U.K. is individualist.

In the workplace, this dimension fundamentally affects the relationship between the employee and the organisation. In highly individualistic societies this relationship is largely *contractual \ transactional* and work is mostly organised and controlled with reference to the individual and his/her assumed economically rational and calculative self-interest. In contrast, in collectivist societies the employment relationship is more *morally based* and management of groups is salient with personal *relationships* prevailing over the task and trust being the essential requirement for successful co-operation. The principal consequences proposed by Hofstede of national differences in the IDV index on organisations and work are summarised in table 3.2 (below).

Hofstede maintains that, apart from East Asian communities which “seem to have retained considerable collectivism in spite of industrialisation” (Hofstede:1991:74) because of the “influence of the teachings of Confucius” (Hofstede:1991:77) and the ‘*jen*’ philosophy (Hofstede:1984:167), this dimension is the most likely area of international convergence amongst countries enjoying increasing GNP as wealth and individualism appear to have strong, positive correlations.

Table 3.2 : Consequences for Differences in National IDV Scores for Work and Organisations
[adapted from Hofstede, 1984, 1991]

<u>Collectivist</u> (e.g., HK)	<u>Individualist</u> (e.g., U.K.)
Particularist relationships based on personal trust is basis for moral nature of work and business life	Universalist contractual transactions determine work and business activity
Promotion usually on ascriptive criteria	Promotion on 'merit' as defined by market criteria
Private and work life diffusely related Organisations protect well-being and long-term interests of member Policies and practices based on loyalty and sense of duty	Private and work life specific and separate Organisations not intensively involved with long term welfare of member Policies and practices based on promotion of individual initiative
Underlying philosophy is Traditionalism	Underlying philosophy is Modernism
Management of groups Relationships prevail	Management of individuals Task prevails

Masculinity - Femininity

This dimension concerns the extent to which values are more 'masculine' (assertive, competitive, tough, results / performance oriented) in contrast to more 'feminine' (modest, co-operative, nurturing, tender, equity oriented). The differences result in an emphasis on work goals to satisfy 'ego' such as "advancement" and "earnings" on the masculine pole, as opposed to interpersonal goals to satisfy the 'social ego' such as "friendly atmosphere" and "co-operation" on the feminine pole (Hofstede:1984:186). The fundamental consequence for the workplace is in attitudes to work centrality in that the work ethos in 'masculine' cultures tends towards "live in order to work" rather than in 'feminine' cultures where the ethos is more inclined towards "work in order to live" (Hofstede:1991:93). This has consequences for the way in which conflicts

are often resolved (by combat or compromise), types of motivation likely to be used (achievement / goal or welfare/ socially oriented) as well as differences in the likely characteristics of 'heroes' (assertive / decisive or intuitive / consensus seeking). The principal consequences proposed by Hofstede for work and organisations of differences in national scores on the MAS index are summarised in table 3.3 (below).

In terms of the countries being compared as contrasting cultures in this chapter: namely The U.K. and Hong Kong, both score as moderately masculine on the MAS index. However Confucian \ Taoist \ Buddhist influenced societies have a self-concept which is traditionally oriented, reflecting collective interdependence and social control based upon 'face' which generates a 'social ego' more akin to feminine value systems despite the prevailing higher MAS scores in these countries. It may be that the effect of Masculine values differ between the East and the West since their interaction (in the East) with Collective values and high PDI would seem to modify masculine values to a more benign form than the more interpersonally aggressive, competitive Western equivalent. This is reflected in the findings of a 'Chinese Values Survey' suggesting values in Hong Kong suggests 'feminine' valuing more than 'masculine' "when measured on a scale constructed by Chinese minds " (Bond:1987:152).

Table 3.3: Consequences of Differences in MAS scores for Work and Organisations

<u>High MAS</u>	<u>Low MAS</u>
Managers have leadership, independence and self-realisation ideals Managers expected to be decisive	Managers relatively less interested in leadership and independence. More of a service ideal prevails Managers use intuition to strive for consensus
Belief in individual decisions, equity and competition Appeal of job restructuring permitting individual achievement	Belief in group decisions, equality and solidarity Appeal of job restructuring permitting group integration
Strong achievement motivation Achievement defined in terms of wealth and recognition	Weaker achievement motivation Achievement defined in terms of service, human contacts and living environment
Company interference in private lives accepted for legitimate reasons	Company interference in private lives rejected
Higher job stress More industrial conflict Conflict resolved by 'combat'	Lower job stress Less industrial conflict Conflict resolved by compromise
Gender-based occupational segregation	Less gender-based occupational segregation
Big is beautiful Growth more important	Small is beautiful Conservation more important
Fewer women in qualified jobs Women in such jobs highly assertive	More women in qualified jobs and not particularly assertive
(adapted from Hofstede, 1984, 1990)	

Uncertainty Avoidance

This dimension concerns “ the extent to which the members of a culture feel threatened by uncertain or unknown futures and situations. This feeling is, amongst other things, expressed through nervous stress and in a need for predictability :a need for written and unwritten rules” (Hofstede:1991:113).

In countries with high scores on the Uncertainty Avoidance Index (UAI) there is a greater willingness of employees to stay working for the company reflecting a cautious approach to risk and a high degree of angst in the face of uncertain

futures. The need for predictability and rules leads to a greater likelihood of bureaucracy as a means of structuring activities. In low UAI countries exhibit less anxiety about the future and, as a result, bureaucracy will be less apparent and job mobility will be higher (Adler:1986).

Organisations in societies with different ways of coping with uncertain environments, themselves cope with uncertainty differently through the domains of technology, rules and rituals. The differences reflect a fundamentally different attitude to the environment or that which is “usually taken to include everything beyond direct control of the organisation” (Hofstede:1984:112). In dealing with uncertainty in different cultures, organisations will acquire and use technology in different ways and for distinct reasons. They will also employ rules and rituals differently in that these are likely to be more numerous, rigid and important in organisations within countries with higher UAI scores. A summary of Hofstede's proposed consequences for work and organisations of different UAI scores is shown in table 3.4 (below).

Hofstede maintains that theories dealing with the way in which organisations deal with uncertainty are divided into scientifically-based normative theories assuming rational behaviour (such as contingency theories) and descriptive theories assuming non-rational behaviour (Hofstede:1984:112).

Table 3.4 : Consequences for Work and Organisations of Differences in UAI Scores
[adapted from Hofstede, 1984, 1990]

<u>Low UAI</u>	<u>High UAI</u>
Less structuring of activities	More structuring of activities
Emotional need for fewer written rules	Emotional need for more written rules
Relativism, empiricism	Absolutism, theoretical purity
More generalists	More specialists and experts
Organisations can be pluriform	Organisations standardised
Managers more involved in strategy, interpersonally oriented and flexible in style	Managers more involved in details, operations ,tasks and consistent in style
Managers more willing to make individual and risky decisions	Managers less willing to make individual and risky decisions
High labour turnover	Lower labour turnover
Less ritual behaviour	More ritual behaviour
Smaller organisations	Larger organisations
Motivation by achievement High need for achievement determined in terms of recognition "Hope of success"	Motivation by security Achievement determined in terms of security "Fear of failure"
Less emotional resistance to change	More emotional resistance to change

These assertions appear compatible with other management theories, such as the concept of bounded rationality espoused by March and Simon (1993) or amongst the 'logical incrementalists' who describe the strategic process as conscious, evolutionary, heuristic and holistic 'muddling through' (Lindblom:1959, Quinn, J.B:1980) rather than based solely on logical planning. Theories assuming non-rational behaviour have presented a challenge to managerial rationalism and have proven increasingly brittle in the light of

increasingly chaotic and turbulent environments. The emergence of theories rejecting purely 'scientific' approaches heralds increasing attention on the importance of the perception of uncertainty in organisations and the focus upon strategy formulation as a cultural process involving a framework of competing values within organisations (Quinn, R.E.:1988). The culture-strategy match perspective provides a more holistic approach to understanding strategic change and organisational performance (Bluedorn and Lundgren:1993).

In the original 4-Dimensional study (Hofstede:1980), the U.K and Hong Kong were both classified as low scoring on the UAI. However, it should also be noted that UAI (and therefore low UAI scores) may not be significant in Chinese societies, as indicated by the construction of a values survey by Chinese rather than Western researchers in The Chinese Values Survey (The Chinese Culture Connection:1987).

The Chinese Values Survey

Michael Bond and The Chinese Culture Connection (1987), using the same methodology as Hofstede (1980), have added a fifth dimension to the original 4-D model (Hofstede:1991). This new dimension is derived from the construction of a 'Chinese Values Survey' (CVS) by The Chinese Culture Connection group (Bond :1988). Bond and his colleagues were concerned that Hofstede's four dimensions were constructed solely by western researchers and devised a values survey using Chinese researchers.

The CVS is directly relevant to Hong Kong as it identified 'Confucian Dynamism' which principally relates to the degree of long-termism inherent

within a society. This dimension was named in this way since the research indicates that societies influenced by Confucianism (such as China, Hong Kong, Taiwan, Japan and Korea) all share markedly high degrees of long-termism relative to all other countries. Hofstede points out that the Chinese Values Survey resulted in identification of three out of four of the dimensions identified in his own 4-D study. None of the CVS factors, however, were correlated with Uncertainty Avoidance. This is explained as a fundamental difference between Western and Eastern (particularly Chinese) cultures which means that Western cultures have a fourth dimension (Uncertainty Avoidance) related to different degrees to the search for 'Truth' whereas Chinese societies are more concerned with 'Virtue'. This means that Uncertainty Avoidance is not a universal 'etic' value dimension since it has been shown to be irrelevant for the Chinese who respond to the uncertain environment differently from the rest of the world because of an 'emic' Chinese value dimension.

One implication is that this is one of the fundamental reasons for the relative success of countries in the Pacific Rim influenced by Chinese culture as " By showing the link between Confucian Dynamism and recent economic growth, the CVS research project has demonstrated the strategic advantage of cultures that can practice Virtue without a concern for Truth" (Hofstede:1991:172).

It may also be that 'Confucian Dynamism' is an inappropriate label for this dimension since Confucian values are evident in both opposing poles and the term negates the contribution of other influences such as Taoism and Buddhism. Hofstede's adapted term for this dimension is 'Long Term

Orientation' (LTO). Its suggested significance in terms of comparative advantage is in cultivating a pragmatic synthesis in management where it seems "What is true or who is right is less important than what works and how the efforts of individuals with different thinking patterns can be co-ordinated towards a common goal" (Hofstede: 1991:172). This dimension also emphasises the inherent virtues of respect for tradition and ordered social structures based on status. The Chinese dimension of 'Human-heartedness' on the CVS correlates (negatively) with Masculinity and is characterised by values of kindness, courtesy and social consciousness. 'Integration' correlates (negatively) with Power Distance and is characterised by cultivation of trust, tolerance and friendship. 'Moral Discipline' correlates ($r = 0.54$) weakly with Collectivism and is characterised by group responsibilities as well as moderate, adaptable and prudent behaviour (Bond : 1988). The elements of the CVS dimensions are shown in table 3.5 (below). The factors identified are comprised of elements, all of which are important to the factor score by increasing its value (positive loading) or decreasing its value (negative loading).

One critique of the data treatment leading to the identification of Confucian Dynamism suggests that the data for Pakistan is a flawed outlier (Yeh and Lawrence:1995). After removing this data and re-calculating the regression equations, Confucian Dynamism and Individualism show a higher negative correlation leading to the suggestion that they are both aspects of the same "or at least highly related" dimension (Yeh and Lawrence:1995:659). This emphasises the limitations of this kind of 'uni-level' positive operationalisation, which is inclined towards identifying simple linear causation between variables

such as cultural dimensions and economic growth. Yeh and Lawrence remind us that 'culture' may be a necessary but is unlikely to be a sufficient condition for economic growth (Yeh and Lawrence:1995:665). Further discussion of the techniques and limitations of factor analysis and of the implications of Confucian Dynamism / LTO for Hong Kong is given in chapter 6.

Hong Kong culture within Hofstede's model

Hofstede (1980) characterises Hong Kong culture in his 4-D study as similar to Anglo-American culture in that it has weak Uncertainty Avoidance (or a willingness to accept ambiguity and low propensity to mitigate uncertainty through a formal, unitary and consensual structure) and moderately strong Masculinity (assertive, competitive and materialistic). On the other dimensions, Hong Kong differs sharply from Anglo-American culture by being Collectivist (loyalty to other people in family, clan or organisation is the moral basis of culture) and large Power Distance (hierarchical inequality between dependent subordinates and powerful leading members of society). Another difference between Hong Kong and Western culture is a Long Term Orientation (Confucian Dynamic) which puts into question the validity of Uncertainty Avoidance for Chinese populations who see themselves more as a part or product of the environment than their Western counterpart.

Confucian \ Taoist \ Buddhist societies have a self-concept which is traditionally oriented and the 'self' is inseparable from its relationships with others. In a Western sense there is no 'self' as identity is defined through the "harmony co-ordinating social mechanisms and ideological systems" (Westwood:1992:50). This reflects collective interdependence and social

control based upon 'face', which is a 'social ego' more akin to feminine value systems despite the prevailing higher MAS scores in these 'Confucianist' countries. Masculine values, consequently, differ in effect between the East and the West since their interaction (in the East), with Collective values and high PDI, would seem to modify masculine values to a more benign form than the more interpersonally aggressive, competitive Western equivalent. This is reflected in the CVS findings which indicate Hong Kong culture "suggests 'feminine' valuing more than 'masculine' " (Bond: 1987: 152) when measured on a scale constructed by Chinese researchers in The Chinese Culture Connection (1987).

Table 3.5: CVS Dimensions

<i>Integration</i>	<i>Moral Discipline</i>	<i>Human Heartedness</i>	<i>Confucian Dynamism</i> /LTO
correlated with PDI	correlated with IDV	correlated with MAS	not correlated with Hofstede's study
positive loadings			
tolerance of others	moderation	courtesy	persistence
solidarity with other	disinterested & pure	patience	ordering relationships
harmony with others	few desires	kindness	thrift
trustworthiness			sense of shame
non-competitiveness			
contentedness			
conservative			
close friendship			
negative loadings			
filial piety	adaptability	righteousness	protecting your 'face'
patriotism	prudence	patriotism	reciprocation
chastity in women			personal steadiness
			respect for tradition

Trompenaar's Seven Dimensions of Culture

Hofstede's work may be seen as an empirical extension of a framework first proposed by Inkeles and Levinson in 1969 (Hofstede:1984:37). Trompenaars (1993) has similarly produced apparent empirical support for a combination of dimensions partly based on Parsons and Shils' (1951) 'General Theory of Action' and Kluckhohn and Strodtbeck's (1961) 'Variations in value orientations' (Trompenaars:1993:27). In considering the former study, Hofstede implies that the theory is victim of an 'ecological fallacy' since "they do not take into account that different variables could operate at different levels" (Hofstede:1984:37). Nevertheless, despite the fact that the Hofstede and Trompenaars studies reflect different frameworks and they use different methodologies, their conclusions are remarkably similar. This is particularly so in their attack on the universal validity of Western management theory and practice. Trompenaars' dimensions may be regarded as conceptually related principally to IDV and PDI and, as such, can be interpreted as supportive of Hofstede's model by emphasising some of the consequences of IDV and PDI for organisational behaviour, attitudes and beliefs. The consistencies between Hofstede and Trompenaars are recognised elsewhere as being based upon their concentration of the rationalisation of 'evidence' of national culture contrasted to the more holistic equivalent of Lessem and Neubauer (1994) which avoids rationalising societal constructs (Darlington:1996:48). The approaches are nevertheless "mutually supportive" (Darlington:1996:51) towards a more holistic understanding of culture and its consequences for

business and management world-wide. Equally, the conceptual consistencies between Trompenaars, Hofstede and Schwartz are recognised by Smith (1996) who shows correlations between two principal dimensions emerging from a recent analysis of Trompenaar's database with Hofstede's (1980) Individualism-Collectivism and Power Distance (Smith: 1996:95) as well as with Schwartz's (1990) domains of values (Smith: 1996:97).

Riding the Waves of Culture

Trompenaars is more concerned with the concept of culturally relative *meaning* at the individual level of analysis and defines seven dimensions of culture. The first five come under the broad heading of 'Relationships with people' which includes Universalism v Particularism, Individualism v Collectivism, Neutral v Emotion, Specific v Diffuse and Achievement v Ascription. The sixth dimension concerns 'Attitudes to Time' and the final dimension concerns 'Attitudes to the Environment'. It is useful to look at these in turn and in relation to the dimensions of Hofstede and Bond again using the U.K and Hong Kong as illustrative examples of cultural difference.

Universalism versus Particularism

This concerns an emphasis upon 'rules' in contrast to relationships as the principal determinants of interpersonal behaviour. In strongly universalist cultures, for example, the U.K. and U.S.A. (Trompenaars:1993:35), personal relationships should not interfere with business decisions. Nepotism is frowned upon and contractual agreements are the referees of conduct. Logical, 'rational' analytical thinking and impartial professionalism are ideal

characteristics to cultivate and standards to maintain. Particularism is statistically associated with Hofstede's Individualism-Collectivism and Particularist cultures such as Hong Kong (Trompenaars:1993:35) are also normally also Collectivist (Hofstede:1980:165) and, therefore, also normally high PDI (Redding:1990:61), since Collectivism and high PDI are correlated. In particularist, high PDI / collectivist societies institutionalised obligations to friendship and kinship are considered 'moral' requirements (the CVS equivalent of Collectivism is labelled 'Moral Discipline' and the equivalent of Power Distance is 'Integration') which are maintained through personalism, 'face', paternalism and other Confucian social network mechanisms (Redding:1990:62). In such cultures cognition, emotion, and values characteristically emphasise "connectedness" (Redding:1990:76) reflecting a holistic understanding of the world using intuition and synthetic mental processes rather than rational and analytical techniques.

Individualism - Collectivism

Trompenaar's second dimension is almost identical to Hofstede's dimension of the same name and is consequently also conceptually related to the CVS dimension of Moral Discipline. It is associated by Trompenaars and Hofstede to the concept of *Gemeinschaft* and *Gesellschaft* with, for example, Hong Kong retaining the traditional, family-based characteristics of the former and the U.K. adopting the 'modern' characteristics of the latter. Trompenaars warns, however, of the danger of oversimplification since the concept of 'collectivity' is heterogeneous (Trompenaars:1993:53). This warning arguably also applies to the concept of individualism in the light of Schwartz's models.

Affective v neutral cultures

This dimension concerns the extent to which emotions or feelings may be expressed in interpersonal communication. Trompenaars puts the British as more 'neutral' than Hong Kong culture (Trompenaars:1993:64) although interestingly, US culture is shown more 'affective' than both the U.K and Hong Kong. This dimension does not seem directly related to any of those from Hofstede or Bond. Hofstede does suggest that in general there is a greater need for affective relationships in individualistic societies, partly because relationships are more by choice than in collective societies where they are more prescribed (Hofstede:1980:163).

Specific vs. diffuse relationships

This dimension concerns the difference between 'specific' or low context (Hall:1959) cultures like the U.K. where relationships are separated by the role of each party and 'diffuse' or high context cultures like Hong Kong where relationships exist in "multiple areas of our lives and at several levels of personality at the same time." (Trompenaars:1993:73).

This distinction means that in a diffuse society personal, leisure and family life is not rigidly distinct from life at work and relationships transcend many or all aspects of life. There is a conceptual relationship with IDV and PDI in that relationships with superiors and with peers are interdependent and integrated in the sense that they do not end when one returns home in the evening as " everything is connected to everything " (Trompenaars:1993:79). For example, concerns marketing as the relationship with customers is diffuse and "upfront

investment in building relationships in such cultures is as important, if not more so, than the deal.” (Trompenaars:1993:80).

One principle concomitant within Hong Kong and other Asian societies is the prevailing importance of ‘face’ in all interpersonal relationships (Trompenaars : 1993:78). This is often difficult for managers from ‘specific’ cultures to understand and cope with when dealing with people from more diffuse cultures. This issue is revisited in more detail below in the discussion ' relating to nature'.

Achieving or ascribing status

In some societies, status is accorded on the basis of achievement whereas others ascribe status on the basis of durable characteristics such as age. For example, Hong Kong is shown as a more ascriptive culture than the U.K. (Trompenaars:1993:95); this dimension seems conceptually related to PDI and IDV. Achievement in ascriptive cultures is less an individual and more of a collective concern (Trompenaars:1993:73). Organisations in these societies justify a high power distance and the resulting hierarchy as requisite “power-to-get-things-done” (Trompenaars:1993:102). Power in such cultures does not require legitimising in the same way as in achievement oriented cultures and abuse of power is checked by the moral responsibilities inherent in patron-client type relationships.

Perceptions of time

Different attitudes towards time (past, present and future) are reflected by the contrast between notions of time as linear and ‘sequential’ and notions of time

as circular and 'synchronic'. Such differences affect how we co-ordinate, plan and organise. The U.K. is a 'sequential' culture (Trompenaars:1993:110) in which the focus is rational efficiency epitomised by maxims such as 'there is a time and a place for everything'. By contrast, a synchronic culture allows parallel activities and is less oriented towards punctuality and the focus in a synchronic culture is more likely to be upon effectiveness than efficiency. Trompenaars in discussing this dimension gives no comparative measure of orientation to compare the U.K. with Hong Kong. As indicated above, the U.K. is described as 'sequential' and by inference we would expect Hong Kong to be 'synchronic' since "Cultures which think more synchronously about time are more we-oriented (collectivist) and usually more particularist in valuing people known to be special" (Trompenaars:1993:116). There is a connection between this dimension and Hofstede and Bonds' LTO / Confucian Dynamics construct as " Individualist cultures with a sequential view of time, like America and Britain, are usually short-term in their business strategies. Collectivist cultures with a synchronous view of time, like Germany and Japan, are typically long-term strategically" (Trompenaars:1993:174).

Relating to nature

The distinction here concerns different attitudes towards the natural environment and beliefs about our ability to control nature. 'Inner-directed' cultures wish to subdue nature and tend to identify with mechanical models for institutions, whereas outer-directed cultures feel more dependent upon the environment and see themselves more as a part or product of the environment. The U.K. is shown to be more inner-directed than Hong Kong

(Trompenaars:1993:126) at the personal level but similar in attitudes to the natural environment. There is a connection between this dimension and Hofstede's Individualism as "In the collectivistic Chinese society (and in other Asiatic Societies, such as Japan, as well), the individual is not 'inner-directed' at all but controlled by a need for not losing face." (Hofstede:1980:151). A link is also apparent with 'human heartedness' (or "*jen*") and therefore Masculinity since "The Chinese use the word *jen* (*jin* in Japanese) for 'man' in order to describe the 'human constant' which includes the person himself plus his intimate societal and cultural environment which makes his existence meaningful. The Chinese will modify their views more easily in terms of their environment." (Hofstede:1980:150).

The Seven Cultures of Capitalism

In collaboration with Charles Hampden-Turner, Trompenaars applies his cultural dimensions to six Western industrial countries plus Japan (Hampden-Turner and Trompenaars:1993). In this text the dimension 'neutral vs. emotional' is replaced with an alternative dimension 'equality vs. hierarchy' which appears to closely resemble Hofstede's Power Distance. Not surprisingly the major dichotomy is shown between Anglo-Saxon and Japanese culture with France, Germany, Holland and Sweden adopting varying positions between them.

The message of Hampden-Turner and Trompenaars (1993) is to submit that as cultures face dilemmas differently in relationships with people, with time and with the environment, it is necessary to recognise and reconcile

differences and attempt to synthesise the advantages inherent in all cultures. It is a re-iteration of the view that there is not 'one best way' of managing and no objective truth in how to best generate wealth. The mechanistic metaphors attributed to organisations and markets are largely a product of Anglo-Saxon culture which cultivates a tendency towards 'scientific management'. Cultures which most tenaciously hold to this mechanistic model are the poorest performers, even by their own 'objective' measurements except perhaps in commodity markets where quality and value added are less important.

Trompennars and Hofstede appear to arrive at similar conclusions using different methodologies. The commonality between them extends to other studies and Lytle's (1995) categorisation of cultural dimensions, shown in adapted form in table 3.6 (below), serves to demonstrate that the consistencies between Hofstede, Schwartz and Trompennars can be extended to other analysts. Hofstede's 4-D model, when supplemented by Bond's 'Confucian Dynamism', covers Lytle's (1995) first three categories of cultural dimensions. The submission here is that the rest of Lytle's (1995) categories are also covered by Hofstede's and Bond's combined dimensions in that 'definitions of self and others', and 'patterns of institutions and communication' are all concomitants of Individualism-Collectivism and/or Power Distance dimensions.

These dimensions appear to provide a comprehensive perspective of part of the ideational structure or 'roots' of culture. As a result, in the examination of the 'roots' of the Hong Kong ideational system, the Hofstede/Bond dimensions are an appropriate vehicle which apparently incorporate all of the principal

categories in the rest of the literature at this level of analysis. Using these dimensions to examine the 'roots' of Hong Kong culture is justifiable as long as it recognises that other aspects of ideational structures, such as religion, art and emotion are not directly focused upon despite their equivalent importance.

Table 3.6: Selective Summary Of Categories of Cultural Dimensions

<u>Lytle et al.(1995) category</u>	<u>Author</u>	<u>Definition</u>
<i>Relations between Societal Members</i>	Hofstede (1980)	Individualism vs. Collectivism Power Distance
	Trompenaars (1993)	Universalism vs. Particularism Individualism vs. Collectivism
	Hampden Turner and Trompenaars (1993)	Equality vs Hierarchy
	Parsons and Shils (1951)	Particularism vs. Universalism Specificity vs.Diffuseness
	Kluckhohn and Strodtbeck (1961)	Individualism / Collaterality / Lineality
<i>Motivational Orientation</i>	Hofstede (1980)	Masculinity vs. Femininity
	Parsons and Shils (1951)	Self vs Collectivity-Orientation
	Schwartz (1992)	Self-Enhancement vs. Self-Transcendence
	McClelland (1961)	Achievement Motivation
<i>Orientation toward Time, Change and Uncertainty or Risk</i>	Hofstede (1980)	Uncertainty Avoidance
	Hofstede and Bond (1988)	Confucian Dynamism
	Kluckhohn and Strodtbeck (1961)	Mastery /Harmony / Subjugation to Nature. Past / Present / Future Orientation
	Trompenaars (1993)	Sequential or Synchronic Time Inner or Outer Directed
	Schwartz (1992)	Openness to Change vs. Conservation
<i>Definition of Self and Others</i>	Kluckhohn and Strodtbeck (1961)	Human Nature Good vs. Human Nature Bad. Doing / Being / Being - in - Becoming
	Parsons and Shils (1951)	Ascription vs. Achievement. Affective vs. Affective Neutrality
	Trompenaars (1993)	Achieved or Ascribed Status Affective vs. Neutral
<i>Patterns of Communication</i>	Hall (1976)	High Context vs. Low Context
	Trompenaars (1993)	Specific vs. Diffuse
	Kluckhohn and Strodtbeck (1961)	Public Space vs. Private Space
<i>Patterns of Institutions</i>	Douglas (1970)	High Group vs. Low Group High Grid vs. Low Grid

ADVANTAGES & DISADVANTAGES

The common disadvantage of these type 'C' and 'D' theories within the 'hierarchy of complexity' is the apparent contradiction between multidimensional conceptualisations and the operationalisation of cultural research. Operationalisations tend to be narrow reductionism exploring components of the complex whole without examining interrelationships between them. This mostly involves the adoption of objectivist research approaches accompanied by assumptions of a realist ontology, positivistic epistemologies and nomothetic methodologies. This is understandable given the resource limitations faced by most scholars and the pressure to produce published articles in recognised management journals, most of which adhere to the objectivist assumptions mentioned above. It has the effect, however, in terms of the cultural 'tree', of confining analysis to the ideational 'roots'.

The type 'C' and 'D' theories reviewed here appear consonant with a multidimensional conceptualisation of culture. The advantage of type 'C' and 'D' theories has been their articulate defence of the 'culture-bound' hypothesis and voracious challenge to the 'culture free' hypothesis, the convergency hypothesis and ethnocentrism in type 'E' and 'F' management and organisation theory within the hierarchy of complexity. The discussion now turns to these theories. It is conducted in the context of the 'culture-bound' versus 'culture-free' debate that has characterised the discourse between type 'C' and 'D' theories and type 'E' and 'F' theories. Discussion returns to the remaining type

'C' and 'D' theories in the section which follows on 'institutional theory and cultural analysis'.

3.312 The Philosophical Roots of Hong Kong Chinese Culture

In this section the 'roots' of Hong Kong culture are discussed from the philosophical perspective. This serves to complement the psychological and cognitive approach reviewed in the previous section, which focused upon 'values and attitudes'. The intention of this section is to broaden the discussion of the 'roots' to include religious and artistic underpinnings of Hong Kong culture. This is further elaborated by reference to experiences of the author as a manager in Hong Kong during the 1980's.

The roots of culture are conceived within this thesis as forming the 'structure of ideas'. These are conceived as constituted by philosophy (religion and art), values, cognition and emotion. These elements are considered to be closely associated. It is anticipated that exploration of the roots through one element in 'sharp focus' would reveal evidence of other elements. In other words it is assumed that a focus upon examining phenomenological values, using Hofstede's methodology, would reveal evidence of the influence of philosophy, cognition and emotion. The closeness between philosophy and values is identified by Lessem and Palsule (1997) who assume the businesspheres, or business cultures, to be "underpinned by contrasting philosophies and hold complementary sets of values" (Lessem and Palsule

:1997 :151) which precondition the art of the possible and have become the principal factors of production in the knowledge-based global economy.

Within the context of Eastern cultures, supporting the view of the close association between philosophy and values, is the recognition that Confucian 'social harmony' and 'structural harmony' appear closely associated with Hofstede's equivalent constructions of 'collectivist' (Low IDV) and 'power distant' (high PDI) phenomenological values (Westwood: 1992: 51-53). Religions configure fundamental metaphysical and ethical issues, represent (through institutions) socialising mechanisms and influence value orientations (Westwood: 1992: 48)

The issues of philosophy, religion and art at the 'roots' of Hong Kong Chinese culture are not in 'sharp focus' in this thesis, as the assumption is made that 'values' are sub-conscious, invisible, implicit equivalent orientations within the 'structure of ideas' to religion and art which are more explicit, hermeneutical, conscious historical influences within the cultural suprasystem.

The discussion that follows Confucian, Taoist and Buddhist influences upon Hong Kong culture are discussed in detail. The contemporary synthesis of these influences are termed neo-Confucianism within much of the literature. Lessem and Palsule (1997) have described the Taoist element of this contemporary holistic 'religion'. The consequences in terms of absence of abstract thought, an 'aesthetic' as opposed to scientific construction and a

consequent 'creative spirit' within business and organisation in Hong Kong is supported by the anecdotal experiences described.

Neo-Confucianism as core philosophical roots

Neo-Confucianism is a term which has been adopted to describe the contemporary influence of modern, simplified or 'vulgar' Confucian 'values' (Redding and Wong: 1986:272) combined with the simultaneous influence of elements of Taoism and Buddhism with which it has been 'mixed' in modern Chinese societies (Westwood: 1992:49). These vulgarised and 'modern' Confucian 'values' (Redding and Wong: 1986) involve family socialisation promoting dedication to education and self-improvement as well as seriousness about job, family and obligations. They also emphasise the importance of loyalty to the group, acceptance of hierarchy and a duty of obligation and reciprocity in conducting relationships (Westwood: 1992:47).

The mixing of Confucianism, Taoism and Buddhism was commenced by Chu Hsi (1131-1200 AD) who began to convert tacit Taoist knowledge, such as the *yin-yang* principle, into explicit forms (Watts:1975:35). Such a mixture may seem curious in that Confucianism and Taoism / Buddhism appear incongruous as opposing and contradictory. Confucianism focuses upon controlling relationships between people and is a moral philosophy which is austere, patriarchal and which can be regarded as emphasising the functions of the rich and powerful within society. Taoism, by contrast, concerns relationship with the spirit, the cultivation of virtues releasing the individual

from ego-centrism towards a unification with nature, is more emotional and experiential than cognitive, and has been a source of mischievous resistance for the powerless Chinese peasants, women, children and disabled suffering abuse from rich and powerful merchants, mandarins and rulers. In the Chinese mind, however, these opposing influences are complementary rather than contradictory and the contemporary synthesis of them is regarded as normal in a philosophical environment where the concept of absolute Truth is alien.

The absence of Truth and the importance of Virtue in Chinese thought is best epitomised by illustration of the Taoist story of the peasant farmer whose horse ran away. On hearing of his loss the farmer's neighbours gathered to commiserate with him and cursed his bad luck to which he responded "may be". When, on the following day, his horse returned accompanied by six wild horses, his neighbours gathered to celebrate his good fortune, to which he responded "may be". On the following day, when his number one son was thrown from one of the wild horses whilst attempting to ride it, resulting in a broken leg, the neighbours again gathered to sympathise about the farmer's misfortune. The farmer replied "may be". On the next day, however, conscription officers came to the village but decided not to take the farmer's injured son to war. The neighbours then gathered to discuss how fortunate everything has turned out in the end, to which the farmer replied "may be, but all seven of my horses were confiscated by the army today".

The philosophical traditions of Chinese culture have a history of more than 4000 years. This can be crudely divided into the 'ancient' feudalistic period of

warring Chinese states and the 'imperial' epoch of unification of the Chinese - Empire (350-206 BC), which was characterised by a greater emphasis upon legalism and centralisation (Rindova and Starbuck: 1997). Chinese texts for the ancient period reflect an emphasis upon decentralised, benign and paternalistic control of leaders through bureaucratic systems. Leaders were expected to focus upon their own development of virtues as a source of 'leadership by example' and to accumulate the contingent skills of moral leadership, combining charisma with ideology, in order to maintain social harmony (Rindova and Starbuck: 1997:7).

In the foundation of the Ch'in Dynasty at around 350 BC , however, a less benign form of organisational philosophy (advocated by the 'legalists' such as Han Fei Tzu and Li Ssu and initiated by the authoritarian Prime Minister, Shang Yang) took precedence. The legalists advocated the centralised accumulation of power, subjugation of the subordinate to the superior, uniformity of thought and the authoritarian use of force to achieve and consolidate Imperial power (Rindova and Starbuck: 1997:17). This provided justification for the subsequent mass destruction of 'feudal' texts and the wholesale murder of intellectuals ordered by King Ch'eng in 212 BC in order to establish a legalistic, totalitarian dynasty.

Confucianism, Buddhism and Taoism, therefore, can be seen in the context of this historical change from benign paternalism into legalistic authoritarianism. All, to varying degrees, are counter-philosophies to legalism. They aim to

retain some or all of the humanism lost in the establishment of the Ch'in Dynasty.

Confucius, who wrote towards the end of the 'ancient' epoch, sought to codify a system of social control by retaining some of the benign influences of the 'ancients' with their emphasis upon morality (Rindova and Starbuck: 1997:10) and ancestor worship. As a result Chinese bureaucratic thinking has historically been characterised by a consistent tension between legalism and Confucianism, which parallels the contemporary discussion in the West between McGregor's (1960) Theory X and Theory Y.

In this historical context, the HK Chinese businessphere can be seen as grounded in the 'creative spirit' of Taoism, Buddhism and Confucianism, which engenders 'aesthetic', non-abstract, holistic thinking and cultivates narrative or context-based knowledge in HK business. This provides for organisational processes of elastic adaptability within a chaotic environment (Lessem and Palsule:1997). These 'neo-Confucian' influences were the natural philosophical sources driving the (mostly Shanghainese) entrepreneurs, such as Li Ka Shing, who were the founders of the powerful Chinese family business networks instrumental in the economic development of Hong Kong. These philosophies operated in combination but examination of each of them as a discrete entity is attempted here.

Confucianism

Confucianism is a moral or ethical philosophy advocated by Confucius or K'ung

Fu-tse who lived between 551 and 479 BC. China had been in a state of turbulence for the period 2300-1100 BC due to constant warring between the states but from 1100 BC to the time of Confucius, a loose confederation between clans resulted in intermittent peace when there was less strife and more tentative co-operation. During this epoch, because of slow and difficult transport and communications, higher-level rulers conceded delegation of considerable power to the states (Rindova and Starbuck: 1997:9). Confucius held an administrative position as civil servant in the state of Lu and his job included tutoring sons of nobles. His writings in the Shih Shu (Four Books) are also aimed at the nobility and attempt to cultivate in them the 'wisdom of the ancients' by advocating ruling justly, without the abuse of power and according to established moral principles (Rindova and Starbuck: 1997:10). These texts formed the core of the curriculum of a traditional Chinese education.

Confucianism concerns itself with human relations within the group. The core principle of Confucianism is that of 'harmony' which is a culmination of *structural*, *social* and *inner* harmony. The harmony of the *inner* man is sought through moderation, the maintenance of equilibrium, pursuit of the Middle Way and of key virtues of righteousness, wisdom, fidelity, filial piety and propriety in order to cultivate *chun-tzu* or the 'perfect gentleman'. Such a gentleman should seek education and self-development (Westwood: 1992:49). He should pursue a vocation (*ching she*), acquire a reputation for reliability (*mien tzu*) and, above all, for integrity (*Lien*).

Social harmony is the social equivalent of inner harmony in that it advocates

social balance, reasonableness, *Jen* or collective 'human-hearted' morality (social empathy), *Li* or propriety in behaviour toward others, familism and relationship centred mechanisms such as *guanxi* and reciprocity (*xinyong*) which sustain community cohesion. Adjacent to the maintenance of social harmony is the ubiquitous significance afforded to 'face' and the pervasive social implementation of the harmonic norms through shame mechanisms of silent reprimand or social ostracism (Westwood: 1992:50).

The achievement of structural harmony is promoted through the codification of behaviour within unequal or hierarchical relationships in the *Wu Lun*. The five key relationships of prince-minister, father-son, husband-wife, older brother-younger brother and friend-friend are governed by reciprocal obligations and duties involving the exchange of obedience and respect in return for care and protection. Roles are circumscribed by *Li* or rules of behaviour and reflect a patriarchal familism characterised by benevolent, autocratic leadership through patrimonial power in families and other institutions.

Such power is administered through personalism and significance is afforded to trust (*shun yum*) which is the ultimate arbiter of the issues of face, *guanxi* and reciprocity, in that another person cannot be trusted without them (Westwood: 1992:50). The Hong Kong businessphere is, therefore, permeated by 'personalism' which requires a relationship-based approach to control of ethical behaviour involving the pervasiveness of *guanxi*. Redding explains "In Chinese ethics to lose your reputation for trust-worthiness, itself an important

constituent of 'face', is to be disgraced extensively and to be severely handicapped in business dealings afterwards" (Redding :1995:63).

Taoism and Buddhism

As with Confucianism, Taoism and Buddhism have remained influential within Overseas Chinese societies in comparison to China itself where such influences appear to have waned in the last century (Purcell : 1951: 47). Along with Confucianism, they also emphasise the importance of harmony and the avoidance of conflict as central tenets configuring appropriate behaviour. They also promote nostalgia for the wisdom of the ancients, which is regarded as lost by 'modern' man, but which still is accessible through pursuit of Virtue.

In Hong Kong the vast bulk of the immigration has been from southern China from where the sojourners brought their religion. This concentrated upon the worship of Shen and Fu, which are respectively Buddhist and Taoist deities, and of Yao which is a ghost from primitive ancestor worship via Confucianism (Purcell : 1951: 48). In addition to these deities, each family is likely to worship particular spirits reflecting their specific origin from cantons in China and particular patron spirits of their craft or guild. These deities are eclectically derived from Taoism, Buddhism and Confucianism, but particularly popular amongst the Overseas Chinese is Toh Peh Kong, regarded as the patron spirit of 'pioneers' (Purcell : 1951: 49).

The key principles of Taoism are natural simplicity, spontaneity and

effortlessness. It is an art / philosophy of the heart, body and soul and not merely of the mind. The underlying assumption is of a holistic and non-linear universe within which everything changes to change everything else in an unending circularity. The universe is assumed to consist of infinite complementarities which are polarities of the same truth governed by the principle of *hsiang sheng* or 'mutual arising' which means that what happens is naturally derived from a "synchronicity of opposites" (Lessem and Palsule:1997:287). Consequently, "As the universe produces our consciousness, our consciousness evokes the universe; and this realisation transcends and closes the debate between materialists and idealists (or mentalists), determinists and free-willers, who represent the yin and the yang of philosophical opinion" (Watts: 1975:53). As a result, "What are conceived as opposites in the rational and pragmatic modes are inseparable polarities in the holistic mode" (Lessem and Palsule:1997: 52). Therefore, the whole and the parts are co-determined and neither is coherent outside their mutuality, complementarity and 'oneness'.

The assumption of the Taoist purists is that language alone, because of its linear limitations, cannot adequately communicate the Way of the Universe, the *Tao* (or *Dao*). The *Tao* is the flowing course of nature and the universe, simultaneously ordered and chaotic patterns, which can only be experienced intimately through virtuous practice, the *Té* (or *Dé*) which is an inner spirit, a special character, the 'everything' of complementary opposites within, and a

uniqueness of the individual which derives from his / her association with the unfolding pattern of the Universe.

'Values' associated with these principles, are specifically geared towards virtuous consequences rather than a Kantian transcendental logical consistency. They should arguably be distinguished as *teleological* (Macdonald and Beck-Dudley: 1994) values. Chinese Virtue, which is guided by the discourse of the *Tao*, mutually facilitates the acquisition of qualities of virtuosity (*Té*) and was traditionally a teleological Virtue of *being*, rather than a deontological scheme of duty focused upon prescriptions for *doing* (Hansen:1996). Superior Virtue is also not intentionally or consciously virtuous, but about *being* virtuous. In the synthesis within neo-Confucianism with Confucian thought, which is more of a deontological scheme of duty ethics, this teleological emphasis upon *being* Virtue has seemed to have been overcome by the deontological, codified, prescriptive style within contemporary Taoism which prescribes 'conscious' virtuosity as something explicable and capable of being 'taught'.

Taoists believe that Man and nature were indistinguishable in the Golden Age of Perfect Virtue. During this time, Man retained his natural Virtue when wisdom, propriety, faithfulness and harmony were normal. These vital qualities were not known under these names at that time because their opposites were absent from the unified Universe. Man's ego began to emerge during the Great Separation and with it came an inability to communicate with animals and a propensity to abuse nature which resulted in the emergence of scarcity, in

contrast to the abundance that had existed in the Golden Age. Taoism advocates a return to pre-separation involving a reunification with nature through the regaining of Virtue and the abandonment of ego by each of us. Taoists celebrate balance, as epitomised in the Taoist ideogram representing *yin* and *yang*, as a central requirement to any spiritual progress and liberate the qualities of smallness, humility and tenacity without aggression as most desirable competencies.

For the purists, the eternal *Tao* cannot be spoken or written as to speak it is to lose it (Watts: 1975:7). Those who have written about the *Tao*, such as Lao-tse in his book the *Tao Te Ching*, often playfully admit the folly of their own literal enterprise and are inclined to enjoy the humour of overstating their case, often choosing the preposterous to illustrate their point (Watts: 1975:79). Taoism, described by the sages such as Lao-tse and Chuang-tse and the corresponding interpretations of Western scholars such as Joseph Needham and David Nivison, is a cognitive or intellectual pursuit of an art / philosophy that, in pure terms, is intensely personal, emotional, experiential and ambivalent towards such intellectualisation or communication.

The *Tao -Té* is said to be somewhat like a fish in flowing water. To explain the chemical composition of the water to the fish, in order to explain the objective condition of the fish, would cause either unnecessary confusion or render the fish immobile with laughter, from which it may never recover. The *Tao* cannot be partitioned, analysed, explained, 'used' or prescribed and can only be realised through experience or practice by the mind-body. Within traditional

Taoism, non-action, absence of striving and intention or not forcing 'against the grain' of nature (Wu-wei) is the essential prescription for conduct (Watts: 1975:75).

Pure forms of Buddhism and Taoism impel followers to turn from the physical world and materialism towards spiritual enlightenment through an ascetic inner world (Westwood: 1992: 210). In the contemporary world, however, compromises have been made by Taoism within neo-Confucianism which theoretically accommodate economic activity and material wealth creation. The suggestion here is that, as with Confucianism, the type of Taoism that influences contemporary Chinese societies is a 'vulgar' simplification, which has been subsumed into a neo-Confucian philosophical influence and is recognisable as a significant underlying influence within the cultural suprasystem of Chinese societies such as Hong Kong.

As a result, neo-Confucianism, as a contemporary fusion of Confucian, Taoist and Buddhist influences, somewhat transforms the original intention of each of these 'philosophies'. The transformation from a traditional philosophical emphasis upon non-action or striving and spiritual asceticism into a more 'modern', materialist philosophy appears to be consonant with contemporary wealth creation and spectacular economic growth in Overseas Chinese societies such as Hong Kong.

Buddhism

Buddism and Taoism are closely associated in China and have involved combinations of “popular, corrupted, and confused aspects” of both (Purcell : 1951: 48). Mahayana Buddhism has been the principal influence in China and amongst the Hong Kong Chinese. The most popular deity, apart from the Buddha himself, is Kwan Yin, goddess of mercy (Purcell : 1951: 48).

Chinese Buddhism, as with Taoism, places great emphasis on harmony. It urges the search for enlightenment through the Four Noble Truths and the Noble Eightfold Path, which configures appropriate behaviour (Westwood: 1992: 289). As with any belief system, adherents vary between the strict adherents to the more casual or superstitious follower. As with Taoism, the Chinese relationship to their deities is often based upon popularity based on results because “a Chinese god is expected to render a return for respect accorded and the offerings made to him” (Purcell : 1951: 48).

The Creative Spirit

A more ‘rationalised’, contemporary form of Taoism is eloquently articulated by Lessem and Palsule (1997) in their ‘Four Worlds’ model. Here it is argued that the Taoism described by them has elsewhere been termed neo-Confucianism, of which contemporary Taoism is assumed a fundamental constituent. One of the principal forms of neo-Confucian accommodation to the adoption of materialism is to donate money to charities or for the blessing of those more ascetic and considered to be further advanced along the path to enlightenment (Westwood: 1992:210), such as monks, priests or *feng shui* sages.

In Lessem and Palsule's (1997) construction, the Eastern quadrant of the 'Four Worlds' is characterised by a businessphere which is adaptable, creative and transformational, grounded in an invisible holistic philosophy at the 'roots' of the Eastern cultural suprasystem. The archetypal complementarity between East and West is described as 'non-entity' as opposed to 'identity' which corresponds to the archetypal interplay of spirit and matter (Lessem and Palsule:1997: 46). This reflects the correspondence or dialectic interplay between the atomistic logic and utilitarian pragmatism of the West and the holistic, non-abstract philosophies of the East, which are based upon a 'creative spirit' resulting in transcendent striving to accommodate change and development. The Eastern non-fragmentary "feminine" (Lessem and Palsule:1997: 46) epistemology with its intrinsic lack of category, division and atomisation is, by implication, more consonant with the emerging electronic, 'postmodern' world which is knowledge-based and requires the generation and exploitation of non-abstract patterns of consciousness for advancement.

The Eastern archetype is described as favouring an 'aesthetic' rather than scientific construction (Lessem and Palsule:1997: 48). The aesthetic construction does not seek an absolute Truth and expects an unfolding pattern to emerge from an acceptance of simultaneous multiple realities. This begins with the "uniqueness of the one particular as it collaborates with other particulars in an emergent complex pattern of relatedness" (Lessem and Palsule:1997: 50). The characteristics of the aesthetic construction are effectiveness, emergence, unpredictability and wholeness.

The generic principle of relationality is central to holism and to understanding the Eastern archetype. The Eastern organisation is essentially “psycho-physical” (Lessem and Palsule:1997: 52) and spontaneous whilst being patterned through harmonic co-ordination. The dynamic energy, spirit or *ch'i* from which organisation unfolds, is both psychological and physical and its creativity derives from intuition and subjective or tacit knowledge rather than logical or rational analysis. The Eastern organisation is characteristically a ‘non-entity’ and has been inherently *virtual* long before the concept became fashionable in the West. The organisational forms and management styles it cultivates are also substantively different from the scientific organisation traditionally adopted in the West (Lessem and Palsule:1997: 51). Aesthetic organisational forms characteristically involve diffused structures and roles with flexible goals and qualitative judgment. Aesthetic management styles are heavily dependent upon relationships and informality with ‘fuzzy’ accountability and authority based on trust. The implication is that the pervasiveness of Virtue which cultivates the whole, ensures the primacy of allocentrism and selflessness over ego-centrism and selfishness. This atmosphere of goodwill and cohesion in holistic organising cultivates the narrative or context-based knowledge which provides for processes of elastic adaptability within a chaotic environment. Long term failure is avoided and survival is enhanced by the transformational and self-transformational capacities of the holistic ‘non-entity’ form of organising (Lessem and Palsule:1997: 55) whose fundamental constituents are “irrepressibly participative and creative” (Lessem and

Palsule:1997: 56).

Religion and Art within HK Culture

Eastern holism cultivates narrative or context-based knowledge in HK business which provides for processes of elastic adaptability within a chaotic environment. Lessem and Palsule's (1997) assumption that holistic philosophies underpin epistemology, ontology and subsequently 'work', 'management' and 'business' is borne out by this thesis, although these philosophical underpinnings are not in 'sharp focus'. The evidence for holistic and non-abstract thought is evident in:-

a) aesthetic composition of organisation : family 'non-entity' networks as aesthetic organisational forms and evidence of 'psycho-physical' organisation through 'harmonic' relationality consistent with the holistic impetus of 'te' and transformational \ metamorphic 'creativity' in 'management' in Hong Kong.

b) acceptance of multiple realities, pursuit of Virtue over absolute Truth and other aesthetic organisational characteristics of management style

These are both evident in the literature reviewed within this thesis and \ or in the empirical studies reported in part 3. Each of these issues are now discussed in turn.

Aesthetic composition and 'psycho-physical' organisation

As recognised on page 21 (above), the 'trunk and branches' of Hong Kong's

institutions and ideologies are concerned with Chinese family 'networks' as a model of co-ordination and the corresponding mechanisms of trust, loyalty, reciprocity, integrity and reputation which maintain long-term *guanxi* relationships. The traditional privilege afforded to markets over bureaucracy and networks in a modernist / contractual Western society is of questionable validity in the more traditionalist / relationship culture of Hong Kong which is governed by generic constituents of holism and humanism.

As a result, family networks as aesthetic, 'non-entity' organisational forms are central to the development of the theoretical framework developed in part 2, as recognised on page 34 (above). These networks display the characteristics of the aesthetic organisation as described by Lessem and Palsule (1997) in their virtual and flexible structures, subjective and qualitative decision patterns and 'psycho-physical' organisation through 'harmonic' relationality. Evidence supporting this emerges particularly in the empirical studies of critical incidents in chapter 7. Further support is offered here in a critical incident drawn from the author's own experience as a General Manager in a Hong Kong Chinese company between 1982 and 1987.

Understanding the Patron ; a K.S.Li wannabee

The author (SL), arrived in Hong Kong in the early 1980's after having completed a postgraduate business course in the UK. SL quickly entered the English Language Teaching business and secured a part-time job with The JIEC Institute, a Chinese family-owned business. After a few months, the patron of JIEC invited SL for *yum cha* in a 'dim sum' restaurant to 'talk about the future'. This was what would be an interview in the West. The difference for Chinese family businesses is that such meetings would only usually be possible between people who had gained a certain level of mutual trust.

During *yum cha*, SL was surprised at the degree of intimacy of the conversation. The Patron asked very personal questions and, in turn, discussed his own private life. The conversation covered family, friends, sex, money and the Patron made a point of outlining his philosophy on these issues with a mixture of Chinese sayings and English proverbs.

When the conversation moved on to business, the Patron immediately declared his admiration for the Hong Kong billionaire K.S.Li (Li Ka Shing) as the epitome of a 'good businessman'. Several stories of the business life of K.S. Li were recounted, from his humble beginnings as a producer of plastic flowers to his pre-eminent position as head of Cheung Kong holdings. The common theme of these stories were the consistent qualities of loyalty to friends and family, tenacity in business projects, persistent frugality and the honour demonstrated by Mr. Li in his charitable activity in the village and canton of his ancestors in China. The Patron suggested that in similarly following such an honourable precedent, he too would become a very rich man who would be respected by Hong Kong people.

The meeting did not end in a formal job offer and the following weeks saw increasing contact between SL and the Patron. The outcome was that subsequently, the junior partner of the Patron, after having 'had a word' with him, began to explore the practicalities of my expectations for a more permanent and senior position within JIES. Eventually SL was given an office of his own and released from substantive teaching duties in order to take on a sequence of administrative and management duties which gradually escalated in their degree of importance. No contract of employment was ever drafted.

Interpretation

This example demonstrates the importance of virtual and flexible structures, subjective and qualitative decision patterns and 'psycho-physical' organisation through 'harmonic' relationality. This in turn is evidenced by an 'unfolding pattern' characteristic of holistic organisation.

The process of 'recruitment' involved a slow evolution of trust. During this process the degree of personalism and intimacy between SL and the Patron increased to such a point that the relationship developed into a mutual dependency. This relationship was informal and resembled what many westerners would experience within a nuclear family. Each party retained a degree of independence but the accompanying commitment was of a long-term nature. The harmonic relationality achieved was arrived at through a long series of subjective and qualitative judgments of the potential for trust. Once trust was established it was unreserved and powerfully consistent.

The stories about Li Ka Shing clearly serve, consciously or not, to establish the primacy of the 'attitudes and attributes' of a 'psycho-physical' organisational form based on a relationality between entity and non-entity. The personal qualities of the 'hero', K.S.Li, such as humility, honour, obligation responsibility, loyalty, tenacity, frugality and intuition, are considered critical to building success. The successful Patron, in accordance with neo-Confucianism, patiently cultivates his or her allocentrism which provides the basis for good fortune. The successful *taipan*, is one who has enabled the benefits of 'psycho-physical' organising by balancing himself or herself with the environment. This

requires personal development, acquiring social and business connections, courage to take risks and a good deal of good luck delivered from the *spirit*.

The importance of harmonic relationality, has been recognised by Schneider and Barsoux (1997), as identified on page 165 (above), Chinese attitudes towards 'relationship with nature' strongly emphasise fatalism and an 'outer-directed' focus on 'harmony' as evidenced in the consultation with *feng shui* experts in matters of strategic importance regarding property and business location interests (Schneider and Barsoux:1997:32). Harmonic relationality is further evidenced throughout the thesis, in the review of literature and in the empirical investigations in part 3, in the practice of *guanxi* acquisition and maintenance. The propensity of the harmonic relationality of Hong Kong culture is to afford greater importance to relationships than tasks, with emphasis upon trust and particularism (Schneider and Barsoux:1997:37), is manifest in ubiquitous *guanxi* or 'connections' as the principle arbiter of co-ordination. The importance afforded to relationships in cultures such as Hong Kong is related to the extent to which hierarchy is revered, the way in which leadership is perceived, and how peers interact and construct their own identity (Schneider and Barsoux:1997:38).

The pervasive importance of *guanxi* reflected in another incident drawn from the author's own experience of living and working in Hong Kong as follows:-

Opening Sai Wan Ho Branch; Guanxi recruitment

The Patron of JIEC had decided that it was time to expand. The first branch of JIEC was located in Yau Ma Tei in Kowloon and the intention was to establish a second branch on Hong Kong Island. In order to expand, new sources of finance were necessary. The Patron's brother-in-law had contacts sufficient to establish a syndicate for the purpose.

The Patron saw this as an opportunity to bring his sister, a part-qualified accountant who had taken several years out of employment to raise two children, into the business. In order to facilitate this the decision was made to locate the new branch in Sai Wan Ho, a district at the north-eastern side of Hong Kong Island. Sai Wan Ho was where the Patron's sister and other family lived.

When SL questioned the logic of this location, it was explained that his sister was more likely to agree to join the organisation if the new branch was conveniently located to where she lived because this gave convenient access to her children should there be an emergency. It was also explained that other members of the family, who also lived in that area, would provide a ready pool of labour as and when required. On questioning the logic in terms of whether there was a market for JIEC in Sai Wan Ho, it was explained that Sai Wan Ho people were known to be 'good people' who were concerned to improve their education and skills. This meant that they would welcome the provision of courses in English, office skills and computing, and a Kindergarten. Two customers for the Kindergarten had already been secured, namely the children of the Patron's sister.

SL was then invited to join in the venture as a shareholder. This honour was considerable as SL would be the first non-family member to participate in the capital structure of the organisation. SL was forced to politely decline after explaining that financial commitments to his own parents in England meant that such an investment would be unwise. This explanation was accepted without any damage to the relationship. The Sai Wan Ho branch opened shortly afterwards but was less successful than the Sai Wan Ho branch. The expansion, however, served as evidence subsequently to other investors of the wisdom of financing the acquisition of Robert Maxwell's school in Wanchai.

Interpretation

This example demonstrates the pervasive importance of *guanxi* within the Hong Kong businesssphere. *Guanxi* was a principal influence upon the selection of the site of the new branch because it afforded the desirable employment of family members. The offer of a financial shareholding in the venture to the author, a *gweilo* (white ghost), was motivated by a desire to incorporate him formally into the Patron's *guanxi*. The decline, as an explanation of the author's own family commitments, was not damaging to harmony or 'face' as one's own parental responsibilities are recognised as overriding all others.

Acceptance of multiple realities, pursuit of virtue over absolute truth

Hofstede's contention was that investigation of phenomenological (desired) values and deontological (moral, religious) values cannot be equated. He invokes the positivistic fallacy to support this assumption but does not suggest that deontology is less important than the phenomenological value systems he goes on to examine. However it is clear that the positivistic fallacy is itself, fallacious because in phenomenological orientation to the environment (Uncertainty Avoidance), religion is a clear influence in that, in most of the world, orientations to the Truth (absolute or relative) affect and are affected by religion. Bond's work, in showing the irrelevance of Uncertainty Avoidance to the Chinese and the corresponding orientation towards long-term Virtue (Confucian Dynamism) is consistent with holistic and non-abstract thought and with the propensity of the Chinese to hold multiple realities and multiple perspectives simultaneously.

The validation of the importance of religion, art and philosophy is confirmed by using Hofstede's methodology, in spite of the positivistic fallacy. These influences are confirmed despite not being in 'sharp focus', using a method expressly developed to ignore them. This appears to be the most powerful validation possible of the importance of philosophical influences at the 'roots' of culture

As identified on page 144 (above), support is posited for the philosophical difference between the East and West within the literature. Dispute exists as to whether the difference is substantive, but amongst Sinicists there seems to be a broad consensus that Chinese 'philosophy' is different from its Western equivalent in content and methodology (van Norden:1996:225). Chinese philosophy differs recognisably in its greater emphasis upon humanism, synchronicity and balance. Similarly, Chinese ethical thinking emphasises a complex interrelationship between moral virtue and duty (Hansen:1996, Lowe:1996).

Further evidence supporting this emerges in the empirical studies of critical incidents in chapter 7. Another critical incident drawn from the author's own experience is recounted here as supplementary evidence for the propensity of the Chinese for acceptance of multiple realities and their pursuit of virtue over absolute truth.

Absenteeism and The Bone-washing Festival

The author's responsibilities within the Hong Kong based organisation JIEC, after the acquisition of Robert Maxwell's Institute in 1985, included management of a Kindergarten section. Chinese styles of Kindergarten education are highly structured. The children are taught primarily in rote style and emphasis is placed on learning etiquette, such as standing and bowing to teachers and chanting 'Good-mor-ning-teach-er !'

The atmosphere in the JIEC Kindergarten was disciplined but bright and jolly. The teaching staff, as well as the children, wore uniforms. The Head Teacher was clearly pleased to be able to have one native English speaker on the staff team, since this meant considerable 'face' and indicated to parents the inclusion of advanced 'western-style scientific' approaches to education.

On occasion, SL as a guest of the native English speaking teacher was invited to lunch with the staff who ate together, seated around the small tables on small chairs. The freshness of food in Hong Kong is considered to be absolutely critical and so live food was often left in the kitchen ready to be cooked from fresh. SL had frequently walked into the kitchen and been startled by a fish swimming in the kitchen sink, enjoying its last moments before lunch. The cook was responsible for maintaining standards of freshness and was, therefore, clearly highly regarded as a key person in the staff group. On one occasion, however, lunch was delayed and the staff were in disarray. When questioned, the Chinese Head Teacher of the Kindergarten explained that the cook had attended the Chinese Bone Washing Festival the previous evening with her family. Her son had seen a ghost and had now been taken ill. Everyone was concerned that he would be joining his ancestors in accordance with the belief that seeing a ghost at this ceremony would result in immediate death.

In spite of the Head's frequent references to 'scientific' approaches, she was clearly extremely distressed by the spiritual misfortune encountered by the cook and did not seem to question the assumptions that the young man's illness was triggered by the ghost sighting. The subsequent absence of the cook went unquestioned by the Head and universally accepted by the Chinese staff. The native English speaking teacher, who had lived in Hong Kong and was married to a Chinese, advised SL not to question this absence on 'logical' grounds. She also strongly advised the temporary appointment of another cook by referral from the absent cook in order to avoid any possible loss of face.

Interpretation

What is striking about this example is the acceptance of multiple realities by the Head of the Kindergarten. She appears comfortable with simultaneous acknowledgement of western 'scientific' rational-pragmatism along with neo-Confucian holistic spiritualism. She does not appear to see any contradiction in holding both of these philosophies in complementary tension and incorporates both in a hybridised educational policy and management style.

This, in turn, appears to be an accommodation of the pursuit of Virtue over absolute Truth. It appears to conform to a creative type of management which relies on 'aesthetic' or non-abstract thought. No pre-considered 'model' is evident in such leadership behaviour. It, rather, appears based upon an unfolding harmonic pattern of 'psycho-physical' organising which emerges from accommodating between the synchronicity of opposites. The consequences of a non-linear, contingent, relationship-based, effective management form characterised by ambiguity and disclosure are apparent within the JIEC Kindergarten. The virtuous, intuitive, harmonic, transformational and creative qualities of the Head appear to be consistent with the creative management of *Té*, as described by Lessem and Palsule (1997).

3.32 TheoryTypes C - F : Culture-free vs. Culture-bound

In this section, type E and F theories within the 'hierarchy of complexity' are discussed critically. These theories are revealed as of limited validity to the conceptualisation of culture as a multidimensional phenomenon. The critique derives largely from approaches and conceptualisations of theory type 'C' and 'D' which reveal the limitations of unidimensionality from multidimensional perspectives and articulate a defence of the 'culture-bound' hypothesis.

There is little consensus about the conceptualisation and definition of culture (Negandhi:1983:66). Conceptualisations range from a simple, linear determinism to complex and multidimensional. An example of the former is the Post-Confucian or 'Neo-Confucian' Hypothesis (Kahn:1979) which states that successful East Asian economic growth since the early 1960's is a product of a competitiveness rooted in Confucian cultural inheritance. This, however, tends to reduce the argument for the role of culture as deterministically creating the conditions for rapid growth, even if the original intention was to reveal the co-determination of culture with political and economic conditions in promoting growth (Hofstede and Bond: 1988).

3.321 Structure, Strategy, Work and Motivation; Culture's Consequences for Management and Organising In Hong Kong.

a) CONSEQUENCES OF SHARED SOLUTIONS TO THE PROBLEM OF EXTERNAL ADAPTATION; STRUCTURE AND STRATEGY IN HONG KONG ORGANISATION.

The Market Model and the 'Strategy Management Doctrine'

The market model has its antecedents in the neo-classical and neo-Austrian economic tradition (Thompson et al: 1991: 6). The former is more institutionalised in American economic thinking and is based upon the assumption of the desirability of 'perfect competition' and the concomitant role of price as the crucial equilibrating mechanism "between autonomous economic actors, both individual capitalists and firms acting as fictive individuals " (Biggart and Hamilton:1992:472).

A growing interest in 'strategy' in Western management literature from eclectic contributions by scholars and consultants has led to a plethora of definitions, but there is a general consensus that strategy concerns "the pattern of activities which has an impact on the achievement of the organizational goals in relation to its environment" (Hakansson and Snehota:1990:527). The underlying assumption of the doctrine is "institutionalised competitive individualism" (Biggart and Hamilton:1992:472) and the assumed existence of a 'market' inhabited by competing organisations which prosper through 'efficient' acquisition and use of resources appropriate to the dynamic environment. In order to succeed, the organisation must objectively analyse requirements for strategic change and then formulate, implement and control

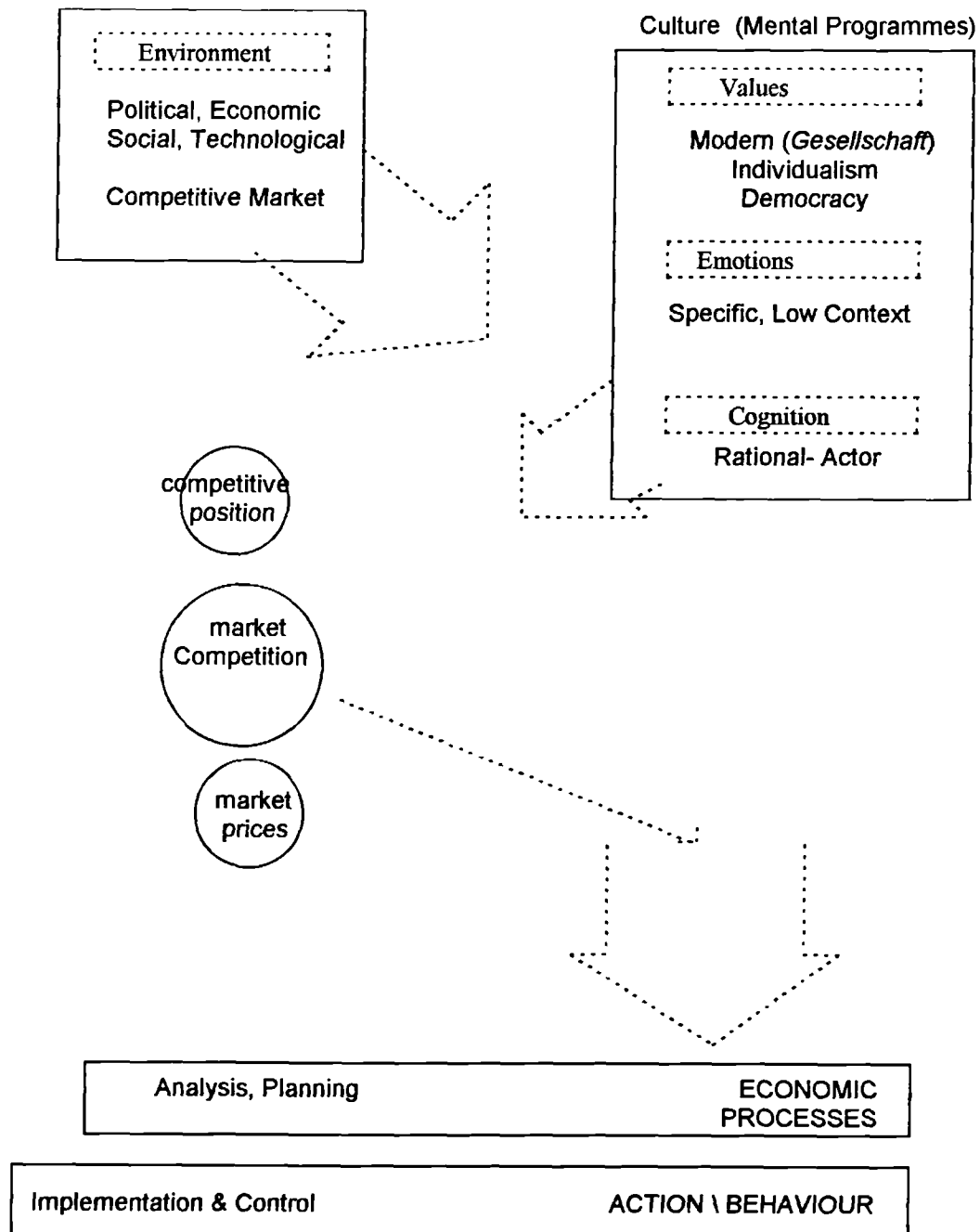
strategic activity to improve the 'match' with the uncontrollable environment. In terms of the theoretical framework, the 'strategy management doctrine' is the epitome of a rational-actor approach, which presumes a social economic action by utility-maximising individuals. It reflects a distinct cultural strategy of 'complexity reduction' which involves an 'inner directed' motive to understand and act upon the environment, leading to specialisation (Child and Boisot: 1997). The implications are shown in fig. 3.2 (below). Social institutions are considered irrelevant and the firms in an industry are "constrained to follow the same basic 'recipe'" (Whitley:1992:2) of competitive market efficiency, or be driven out of business by the 'invisible hand' of the market.

In the context of Hong Kong, the essential problem with the market-based assumptions of neo-classical economics and the 'strategy management doctrine' is their ethnocentricity, which leads to a denigration of alternative forms of capitalism and management. A particularly inappropriate view of is the notion that inter-organisational co-operation is 'imperfect' and anti-competitive because "the response to Asian capitalism as unfair and distorted is primarily the result of ethnocentrism" and so "the successful network structure of Asian capitalism reveals the neo-classical model to be not a general theory of capitalism, but rather an ethnocentric model developed from Western experience" (Biggart and Hamilton:1992:472).

As a result, neo-classicism is culture-bound by 'mental programs', which are of Anglo-American origin. Neo-classicism is insensitive to the cultural conditions in Hong Kong and most other Chinese societies which are characterised by

institutionalised, ordered, networks of social relationships within groups rather than individual 'rational choice' and competitiveness (Biggart and Hamilton:1992:472).

Fig. 3.2: Framework for the Strategic Management Doctrine



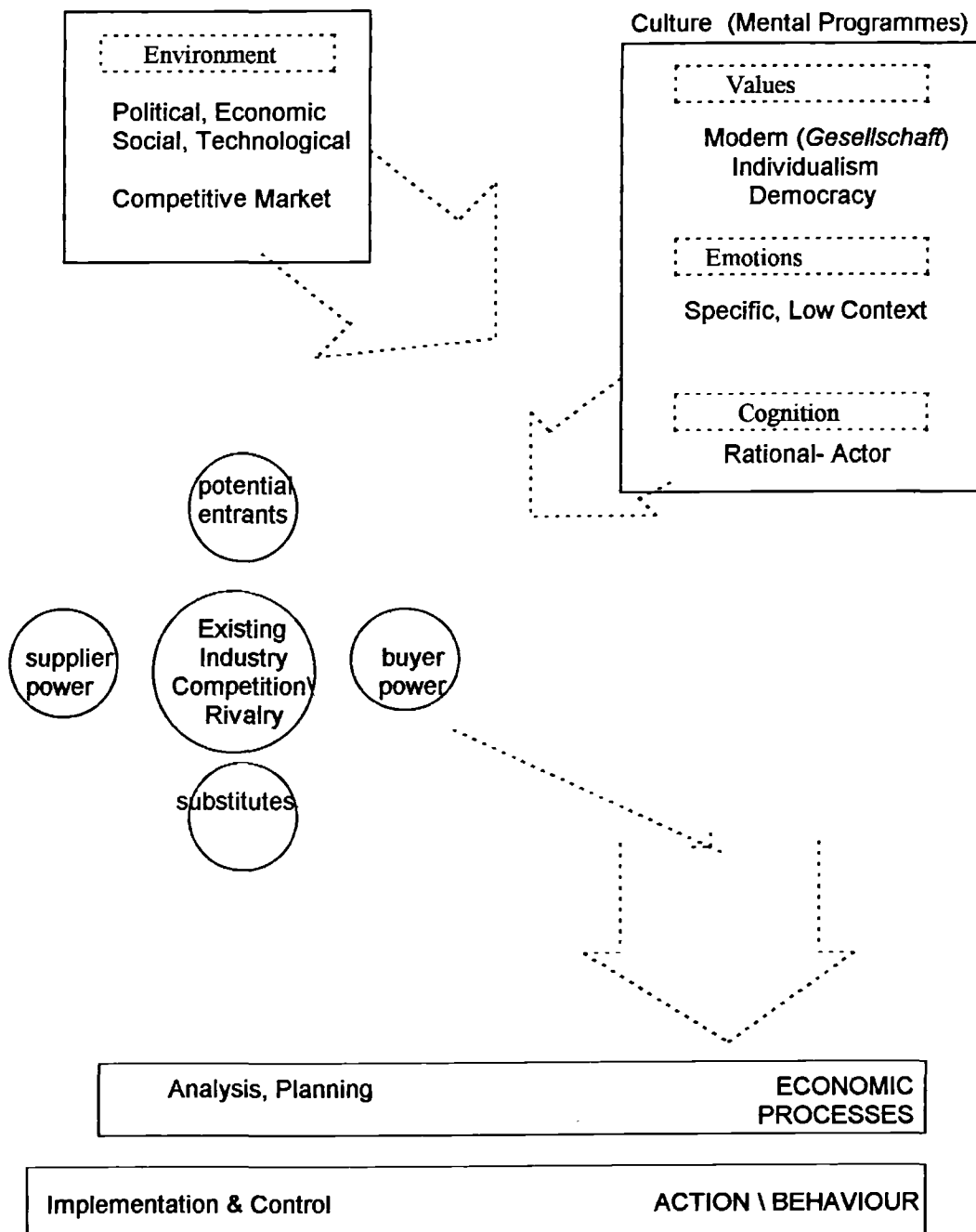
Porter's forces of competitive advantage

In presenting his 'five forces' of competition, Porter (1980) elevates the importance of a structural analysis of competition in establishing and maintaining competitive advantage. Porter extends the concept of environmental analysis but does not venture outside the inherent assumptions reflecting the institutionalised competitive individualism of the market model. Competition for Porter drives rates of return towards perfectly competitive levels depending upon its current and potential structure and intensity. The five forces, for Porter, are structural strategic determinants of the competitive process which must be understood to formulate effective competitive strategy.

Porter's model is shown in fig. 3.3. and can be regarded as a more sophisticated variant of the 'strategy management doctrine' which adds a political dimension in terms of bargaining power of buyers and suppliers and a temporal dimension in the emphasis upon extended rivalry as future competitive influence. The model, however, is structurally and economically deterministic and rests upon assumptions of a culture of a modern, individualistic industrial society. It is inherently ethnocentric and, therefore, of limited validity in the context of Hong Kong, of other Confucian Dynamic cultures and most other collectivist societies. Porter's approach is culture-bound by an Anglo-Saxon orientation resulting in a generic business focus upon the individual firm's competitiveness and "empirical-pragmatic-utilitarian-individualist bias" (Lessem and Neubauer: 1994: 8).

Porter (1990) has argued that nations derive competitive advantage from a set of country-level resource and institutional factors. Porter does not attribute these to culture and fails to recognise the embeddedness of culture in these factors, which are largely treated as structural phenomena. Porter is criticised as diminishing the importance of culture to an indirect 'variable' which has indirect influence upon the key determinants of competitiveness identified within his 1990 model (van den Bosch and van Prooijen: 1992). Redding (1994a) implies that Michael Porter is seeking to advocate universally applicable theory predicated upon the ethnocentric assumption of competitive market solutions. Redding sees that cultural differences mean different varieties of capitalism and the network market substitutes inherent in Overseas Chinese economies are a manifestation of a very different Chinese way of operating, which renders Porters 'models' of little use in East Asia (Redding:1994a).

Fig.3.3: Framework for Porter's 'Five Forces'



ADVANTAGES & DISADVANTAGES

This view is supported here and, whilst Porter's work may be regarded as useful in contributing to explanations of the 'structure of interests', it does not alone enable progress towards understanding of the duality of the domains of

'interests' and 'ideas' or towards explanations of culture as a multidimensional and multi-level phenomenon. For this reason it is categorised at the bottom of the 'hierarchy of complexity' (page 162) as a unidimensional and uni-level theory type 'E'.

Culture's Consequences for Structure

The differences in cultural characteristics, particularly in values identified by Hofstede (1980), suggest that different world views are likely to engender different approaches to work, organisation and management. One influence of culture upon organisations, suggested by Hofstede, is through structure. Hofstede maintains that structure has cultural antecedents and suggests that culture will influence 'implicit models' of organisations which will, in turn, influence the norm of preferred configuration of structure. The preferred model for Hong Kong organisations is the 'family model' and the corresponding favoured configuration is the 'simple structure' which is characterised by a preference for direct supervision by the 'strategic apex'. This reflects the relatively high Power Distance and weak Uncertainty Avoidance (or its 'Chinese alternative' high Confucian Dynamism) of Chinese Culture which has the effect of promoting what the Aston researchers labelled 'centralised concentration of authority' and 'weak structuring of activities'. This hypothesis has been partly validated by a recent study which confirmed the association of Power Distance and authority but failed to confirm an association of Uncertainty Avoidance and structural differentiation (Wong and Birnbaum-More:1994).

Culture is an important influence upon how structure is organised and perceived (Mead:1994:84). Support for the proposition that implicit models of organisations and organisational structure have cultural antecedents comes from an eclectic array of social scientists from various disciplines. It has been suggested that dominant models of organisations correspond to reasons for action and concomitant responses (Colebatch and Larmour:1993). The suggestion here is that these reasons and responses are culture-bound. This is represented in figure 3.4 .

Fig. 3.4: Culture and Models of Organisations
[adapted from Colebatch & Larmour:1993:17]

<u>Dominant Cultural Influence</u>	<u>Reason for Action</u>	<u>Response \ Model of Organisation</u>	<u>Organising Principles</u>
Individualism	'in my interest'	Private Ownership\ Market	Incentives, Prices
High Uncertainty Avoidance	'Follow Rules'	External Authority\Bureaucracy	Rules, Authority & Hierarchy
Collectivism	'The way we do things'	Collective Co-operation and self restraint \ Community	Norms, values, affiliation , trust , networks.

The submission here is that, whereas Power Distance and Uncertainty Avoidance are the likely principal influences upon organisational structure, Individualism-Collectivism (IDV) is likely to be additionally instrumental in the ideological and political processes that promote models of organisation within cultures. This approach is consistent with Schneider and Barsoux's (1997) framework discussed above. Schneider (1989) suggests that strategic issues within organisations are formulated in a national cultural context. Strategic

issues involving 'relationships with environment' involve questions of 'coping with uncertainty' (UAI) and assessing 'Truth' (LTO\Confucian Dynamism). Other issues encompass 'internal relationships' involving questions of 'power and status' (PDI), Individualism (IDV) and 'social orientation' (Collectivism). 'Corporate culture' may influence the beliefs and values affecting the behaviour of individuals but the relationship between the variables is not straightforward as it is dependent upon the broader (ethnic \ national) cultural environment (Laurent:1983).

In developing a theory of 'community', Michael Taylor (1982) has developed a model which identifies the essential elements as common beliefs and values, direct and diffuse relationships, and reciprocity (Colebatch and Larmour:1993:22). This model is supported by others (Thompson et al:1991, Marchment and Thompson:1993, Jarillo:1988, Handy:1985) but the term 'network' is often preferred to 'community' in order to describe the alternative to exchange based on self-interest or hierarchy.

Hofstede's implicit models of organisations

Hofstede theorises that four main implicit models of organisations result from differences in UAI and PDI. In low UAI \ low PDI countries like Britain the implicit model is a 'village market' whereas in low UAI \ high PDI countries like Hong Kong the implicit model is the 'extended family'. These correspond, according to Hofstede (1991), to Williamson's (1975) concept of 'market' organisations and Ouchi's (1980) concept of 'clans'. Significantly, they also correspond to Douglas' (1973,1992) formulation of organisational structures for

different grid \ group cultures and to Boisot's (1987) 'Culture Space' framework for paradigms of social co-ordination.

A typology of models and structures of organising

It is submitted here that the consistencies between these models is remarkable. Table 3.7 (below) summarises the apparent similarities between the models. The outcome provides powerful support for Hofstede's approach suggesting that implicit models and modal structures of organisations are 'culture-bound'.

In Hong Kong, 'family networks' are the dominant institutions and so organising rather than organisation is the critical structural requirement. As a result 'structure' in the context of the strategic advantage of Hong Kong is a consideration which is external to individual organisations. Hong Kong organisations, in terms of internal structure, may be weak but in the adaptive relationship-centred networks within which they exist, they have considerable structural advantages.

Hong Kong business seems to have achieved this adaptability despite (or even because of) shortages of Western business skills and techniques in Marketing, Human Resources and other areas. HK Chinese firms are in comparison to Western organisations more cohesive, family-based, collective and holistic. R. I. Westwood characterises their structural elements as lower in complexity and formalisation but higher in degree of centralisation than their Western and Japanese counterparts (Westwood:1992) and cites recent Hong Kong studies (Westwood:1992:113) to support these propositions.

Relationships are critically important in "relationship-centred" (Westwood: 1992:51). Chinese and Asian organisations. These are founded on a belief in tradition, moral debt amongst people who "instinctively avoid conflict of loyalties" (Bedi:1991:2). Another result of this is the distinctive co-operative networks of 'industrial recipes' (Spender:1989) or wider cultural reference groups. For instance, industries seem dominated by networks which enable formations of flexible temporary 'organisations' in some industries (Chan:1992, Chen:1995, Pyatt:1995, Redding:1995). These organisations exploit specific contracts and disband to seek new opportunities on completion. Both networks and constituent organisations are dominated by family-based hierarchies similar to the patron-client hierarchies from the recent rural past .

Table 3.7: Typology of Models of Structures of Organising

MODEL	CONCOMITANTS				
Stevens/ Hofstede 'implicit models	Village Market	Well-oiled machine	Pyramid of people	Family	
Hofstede 'preferred configurat- ions of organisatio nal structure'	Market or bureau- cracy or adhocracy	Workflow or profess- ional Bureau- cracy	Full Burea- ucracy	Simple or personnel bureau- cracy	Divisional- ised
Colebatch & Larmour	Market	Bureau- cracy	Bureau- cracy	Community	
Williamson / Ouchi	Market	Bureau- cracy	Clan	Clan	
Jarillo/ Thompson et al	Market	Bureau- cracy	Clan	Network	
Boisot	Market	Bureau- cracy	Clan	Fief	
Douglas	Type 'A'	Type 'B'	Type 'C'	Type 'D'	
Handy	Athena or Dionysus	Apollo	Apollo	Zeus	

The essence of these traditional structures is to attempt to integrate the interests of both patrons and clients in a trust-based system of mutually beneficial support in what may be described as a 'moral economy' (Scott :1976). It is self-perpetuated in a virtuous circle by successful growth and controlled through mutual obligation and trust rather than by the rule of law and legal institutions. As a result, successful cultivation of both networks inside the organisation and within the industry is a pre-requisite of success requiring skills at fostering trust, mutual loyalty and balancing of autocratic power with paternalistic responsibility. As Hong Kong organisations are consequently relatively 'weak', the strength, flexibility and durability of Hong Kong business is within the 'recipes' of organised networks, rather than within organisations (Redding:1990). This means, in research terms, according to Chen and Hamilton (1991) that it is desirable to concentrate research attention on the networks rather than on individual organisations; on the 'linkages' between organisations.

Network organising in Hong Kong has strategic consequences for management. For example in marketing and marketing research in Hong Kong, which is a relationship \ particularist rather than contractual \ transactional culture, Western marketing theory has been dominated by a 'transactional' view rooted in the American culture which prefers 'markets' to 'hierarchies'. Evidence is emerging as to the fundamental importance of trust in 'Guanxi-qiye' relationships within Overseas Chinese business networks (Wong:1991, Pyatt and Kwok:1993, Yeung and Chung:1993) supporting the proposition that

marketing issues cannot be wholly understood by reference to Western models (Redding:1982) and implying a research agenda reflecting the 'realities' as understood by 'practical actor' Chinese marketers themselves. Social and cultural values reflecting Confucian ideas and other influences are, consequently, at the core of understanding the Overseas Chinese model of capitalist development. Much work is needed in this area, particularly in the processes of establishing and maintaining 'trust' within networks because although it is clear that trust as "exchange of promises" (Gronroos:1989) is a critical element in successful 'relationship marketing', it's role is still not fully understood.

Solutions relating to control over nature, human activity and the establishment of 'truth'

Schneider and Barsoux (1997) suggest that the very notion of management and constructs such as planning reflects the tendency in Western modernist *Gesellschaft* societies, particularly in North America, to assume the possibility for control over nature (Schneider and Barsoux:1997:32). In Hong Kong, the underlying assumption that Man should maintain harmony with nature undermines the ethnocentric notion that 'management' and 'planning' can be exported from the West undiluted. The associated penchant for 'action' that accompanies the inner-directed American mind-set reflects underlying assumptions about the nature of human activity. It pervades much of American management philosophy and is equally inadequate in Hong Kong where any action merits prior contemplation and reflection, where doing is not more important than being and where judgements about actions are made more by

reference to ascription (by reference to character, loyalty, trustworthiness and group cohesion) rather than achievement. Equally, with regard to assumptions about the nature of truth and reality, Hong Kong as a highly 'Confucian Dynamic' society places greater emphasis upon Virtue rather than Truth (Hofstede and Bond:1988), reflecting the Taoist emphasis on *de* (virtuous practice) as a vehicle to finding *dao* (the way). American conceptions of 'Truth' are not transferable to Hong Kong. American management deductive approaches to problem-solving are of equally dubious validity in Hong Kong. Solutions relating to 'control over nature', 'human activity' and how 'truth is established' have implications for the ways in which relationships among people are managed (Schneider and Barsoux:1997:35). The differences between Hong Kong and the West are multiplied as a consequence of shared solutions to the problem of internal integration.

Modernism v traditionalism , work and the environment

Changes in the socio-cultural environment induces acculturation. Most studies in this area concentrate on the effects of modern industrialisation and the consequent transition from traditionalism to modernism (Segall et al:1990:292). Acculturation takes place at the collective and individual level and modernisation theories, which attempt to explain the relationship between collective cultural change (or '*zeitgeist*') and individual psychological responses, tend to treat the latter as either independent, mediating or dependent variables (Segall et al:1990:296). These approaches obviously generate different perspectives but they have two things in common. The first

is their focus upon individual behavioural variables and the second is that these variables need to be measured.

Research efforts attempting an operational definition, using individual psychological responses as a mediating variable, provide some evidence of 'etics' through "communality in the content of modern values and attitudes, including independence from traditional authority figures, belief in the efficacy of science, personal ambition and achievement motivation, a future looking temporal orientation, and similar points of view" (Segall et al:1990:309). However, some aspects of modernity are clearly 'emic' and unique to particular groups or societies and individual differences in modernity are highly prescribed by education, language and other modernising forces.

b) CONSEQUENCES OF SHARED SOLUTIONS TO THE PROBLEM OF INTERNAL INTEGRATION; WORK AND MOTIVATION IN HONG KONG

Schneider and Barsoux (1997) argue that managing people is deeply embedded in cultural assumptions about human nature, relationships with people, and peer relations. "Assumptions about human nature determine the willingness to delegate and the nature of control systems" and these "assumptions relate to the nature of relationships" (Schneider and Barsoux:1997:36). A relationship-oriented culture, according to this description is characteristically based upon the assumption that human nature is basically 'evil' and people are not to be trusted, thus requiring substantive social controls and resulting in subscription to Theory X (McGregor:1960), rather than Theory Y or participative approaches to managing people (Schneider and

Barsoux:1997:36). Related to this is the propensity of a relationship-oriented culture to afford greater importance to relationships than tasks, with emphasis upon trust and particularism (Schneider and Barsoux:1997:37), which is manifest in 'Confucian' cultures like Hong Kong in ubiquitous *Guanxi* or 'connections' as the principle arbiter of co-ordination. The importance afforded to relationships in cultures such as Hong Kong is related to the extent to which hierarchy is revered, the way in which leadership is perceived, and how peers interact and construct their own identity (Schneider and Barsoux:1997:38). This invariably leads to differences in management conceptions of organisation, leadership, motivation and participation in Hong Kong than in the USA, where most management theory originates. This leads to questions which cast doubt on the universal validity of Western (usually American) management theory.

Hofstede maintains that adoption of a culturally relativist stance requires examination of management theories for their relevance outside the national cultures of the authors of the theories. The aim is to examine why the family-based culture inherent in local Hong Kong organisations has, on the whole, enabled them to prosper particularly well in increasingly chaotic environments. One proposition is that the success of Hong Kong firms is due in large part to their adoption of 'cultural filters' which enable them to "develop an attitude of receptivity and high adaptability to changing conditions" (Schneider:1989:153).

Hofstede's consequences for management ideas in Hong Kong : do Western theories apply?

Hofstede's work adds considerable weight to arguments against the universal validity of Western (usually American) management theory, since management

“is very much an American concept, just as earlier the entire discipline of economics was very much an Anglo-Saxon discipline” (Hofstede:1980:253). Consequently, all management theories should be examined for culturally relative validity. Hofstede (1980) widely examines and critiques, in terms of cultural relativism, Western theories relating to Motivation, Leadership, MBO, Planning and Control, Organisation Design and Development, Humanisation of Work, Industrial Democracy and others.

Hofstede suggests that Leadership and Industrial Democracy is largely influenced by Power Distance and IDV in a society. He suggests that “neither McGregor nor Likert nor Blake and Mouton nor any other U.S. leadership theorists I know has taken the collective values of subordinates into account” (Hofstede:1980:259) and suggests that industrial democracy is basically a contradiction for Chinese organisations “in which participative structures in work situations are combined with a strictly controlled hierarchy in ideological issues” (Hofstede:1980:269). A similar conclusion is drawn by other scholars who conclude that high power distance cultures are generally unreceptive to ‘participative’ management theories (Redding and Richardson:1986, Adler:1991).

As we have seen above (page 225), in terms of organisation design, Hofstede considers PDI and UAI to be influential in the Aston Studies dimensions of concentration of authority and structuring of activities. Organisations are likely to be “structured in order to meet the subjective cultural needs of their members” (Hofstede:1991:142). Hofstede points to a study by O.J. Stevens as

empirical support for the relationship between PDI-UAI and implicit models of organisations. Hofstede theorises about an Asian \ African addition to this model of culture-based organisational structure, provided in the work of Stevens. He supports the proposition that it translates into the organisational structures of Hong Kong and other Asian firms since they are a distinct form of simple 'personnel bureaucracy' as the "equivalent implicit model of an organisation in these countries is the (extended) 'family', in which the owner-manager is the omnipotent (grand)father. It corresponds to large power distance but weak uncertainty avoidance, a situation in which people would resolve the conflict described by permanent referral to the boss" (Hofstede:1991:143). In contrast, the implicit structure of organisations in Britain (here PDI and UAI scores are both low), according to Steven's evidence, was "a 'village market' in which neither hierarchy nor rules, determine what will happen." (Hofstede:1991:142).

The cultural characteristics of a country affect 'conceptions of human nature' produced in a society which will influence the managerial theories produced therein. One influence is the degree of individualism which, according to Hofstede, provides an environment in which theories of motivation, such as those of Maslow, are inappropriate for collective societies; higher motives are unlikely to be 'self actualisation' (as in Anglo - Saxon cultures), but in the interests and honour of the in-group and harmony \ consensus \ trust in the society collectively. Real motivators (as opposed to hygiene factors' in Hertzberg's terms) are likely to be different in Hong Kong from the UK because of power distance. In Hong Kong , large power distance leading to dependence

should be seen as a real motivator as “the motivator should rather be labelled the *master*. He differs from the ‘boss’ in that his power is based on tradition and charisma more than on formal position” (Hofstede:1991:154). Similar motives might be expected in Hong Kong and the U.K., in theory, in terms of McClelland’s ‘need for achievement’ (and esteem), since both countries have weak UAI and strong MAS scores (Hofstede:1991:124), although the interpretation of achievement may differ between societies because of differences in long-term orientation, individualism and differences in the nature of masculinity.

Other needs such as “respect, harmony, face and duty” (Hofstede:1991:126) are neglected in the somewhat ethnocentric view of the World offered by foundation theories in Management and Organisations provided by Maslow, McClelland and other Western management theorists and, as a result, these theories in their original form do not qualify as adequate foundations for a cross-cultural study. This also extends to more recent theory, as Hofstede explains, the “popularity in the United States of ‘expectancy’ theories of motivation, which see people as pulled by the expectancy of outcomes, mostly consciously” (Hofstede:1980:255) is explicable in terms of the assumed ‘calculative involvement’ of highly individualistic Americans in organisations. By implication, expectancy theories are not considered to be appropriate in a collective society like Hong Kong. Adler (1991) adds support to these arguments in suggesting that differences in Uncertainty Avoidance provide widely different perceptions of motivation, implying that much of the Western theory in this area is culture-bound.

Management theories are often culture-bound. For example McClelland's (1961) Achievement motivation as a 'psychological explanation' (Ajiferuke and Boddewyn :1970: 158) can be regarded as culture-bound in modernist \ individualist culture. This theory, which treats personality as an independent variable in modernisation, submits that a sufficiently high level of achievement motivation (N_{Ach}) along with achievement opportunity is a pre-requisite for modern industrial development to take place. This premise is more a reflection of the ideological concomitants of modernism \ individualism as "This prescription is a good generalisation of the Protestant ethic, of the 'American Dream,' and the dreams of many others to acquire the material comforts that an environment that richly rewards hard work can provide" (Segall et al:1990:299).

Similar achievement motives might have been expected in Hong Kong and the U.K. in terms of McClellands 'need for achievement' (and esteem) since both countries have weak UAI and strong MAS scores (Hofstede:1991:124) although the way in which achievement is interpreted may differ between societies because of differences in long-term orientation, individualism and differences in the nature of masculinity. It may be that a more general concept incorporating achievement with these and other factors will be developed in time to form a more appropriately universal theory of motivation.

Other needs, such as "respect, harmony, face and duty" (Hofstede:1991:126) are neglected in the somewhat ethnocentric view of the World provided by McClelland and other Western management theorists and, as a result, these

theories in their original form do not qualify as adequate foundations for cross-cultural study.

Other more recent management theories must be examined to see if they pass the 'test' of cultural relativism implicit in Hofstede's work. In International Business and Management studies the justification and potential exists for culturally based deconstruction of theories originating in the West claiming universal validity. Hofstede does not consider Peters and Waterman to have fully passed the 'test' of cultural relativity since his prescriptions for 'excellence' in organisational culture are universal and not environmentally or culturally contingent. Hofstede disagrees with the suggestions in Peters and Waterman's book *In Search of Excellence* where "eight conditions for excellence are presented as norms. The book suggests there is 'one best way' towards excellence" (Hofstede:1991:199).

Individual v collective interests , work and human relationships

Triandis proposes that we distinguish individualism-collectivism at the group level with "idiocentric-allocentric" values at the individual level (Triandis:1988). Further studies identify the relationship between the two domains. In a study of Chinese and Australian subjects, Forgas and Bond (1985) show the individualistic Australians with idiocentric values and the collectivist Chinese with more allocentric values. Individual or Collective interests are also related to modernism or traditionalism; Individualism is associated with modernism and collectivism is associated with traditionalism (Berry et al.:1992:56).

Consequently, a corollary of the achievement motive in individualistic \ modernist cultures is culture bound attitudes to competition and performance. Modern Western industrial societies tend to encourage individual competitiveness (Munroe and Munroe:1975) in which "each individual is out for himself" (Whiting and Whiting:1971:36). Performance, merit or 'equity' are the approved criteria for allocating reward in achievement oriented society (Hui and Triandis:1985) whereas ascriptive criteria, need and 'equality' are more influential in collective cultures (Leung and Bond:1984, Kashima :1987) in which a greater propensity to co-operate, particularly amongst in-group members (Triandis, Bontempo et al:1988, Cox et al.:1991) is more common than competitive behaviour and attitudes.

However, in examining whether individual contribution to work sharing varies between individualistic and collectivistic countries, Latane and his associates identify a near universal practise of 'social loafing' in that people working in groups in which individual outputs are not measured, tend to contribute less effort than when they work individually (Latane and Nida:1981). In reporting this phenomena, Segall et al.(1990:220) cite evidence in studies of collectivist, non-western societies such as India, Thailand, Malaysia , and Japan with a range of tasks and subjects examined. A notable exception was a study in China which showed in contrast a degree of 'social striving' amongst Chinese workgroups which was also evident in another study amongst Taiwanese school children comparatively with American school children (Gabrenya et al.:1985). In support of this, Hofstede (1991) reports on a comparative study, by Early (1989). This study involved Chinese and American management

trainees who were given a series of tasks to be undertaken individually or collectively and anonymously or undisguised. The study disclosed that the Chinese participants (in stark contrast to the Americans) performed best with a group goal and anonymity. Similarly, another study involving Chinese compared to American subjects showed a greater propensity to share responsibility amongst the Chinese subjects (Hui:1988).

c) CONSEQUENCES OF 'SHARED ASSUMPTIONS' OF SPACE, TIME AND LANGUAGE

In proposing a framework for organising basic assumptions, Hall's (1960) assumptions relating to space, language and time are depicted as 'linking' assumptions related to issues of external adaptation and to internal integration (Schneider and Barsoux:1997:39). Solutions to problems of space and assumptions about space are manifested in many forms of expression. Assumptions about 'personal space' influence the importance of relationships in business, the nature and degree of interpersonal involvement, the degree of formality in addressing others, the content and use of information and other factors (Schneider and Barsoux:1997:40). Physical space in Hong Kong is at a considerable premium, given the very high population density of the city. This co-incides with a priority given to the importance of relationships in business, a family-centred and trust-based social structure, and formality in addressing non-family members. The ownership of space (size and location of property) is used as an arbiter of wealth and status in Hong Kong.

Assumptions about space also influence the degree to which information is embedded or direct and the extent to which communication is low-context

(explicit) or high-context (implicit) (Schneider and Barsoux:1997:40). Hong Kong is a high-context culture in which communication is highly dependent upon the person and the situation; wealth and the closeness of family relationship being the most influential contextual factors influencing the nature of the communication. What is said and how it is said is particularly disconcerting to newly arrived Westerners as, for example, it is perfectly acceptable for in Hong Kong to initially ask how much you pay each month for accommodation or even to ask how much one gets paid in salary in order to determine your economic position, the status to be afforded you and the nature of address in communicating with you. Assumptions about time influence our relationship with the environment and with people. In Hong Kong, time is experienced as unlimited and simultaneous or 'polychronic' rather than limited, linear and 'monochronic'. Time in Hong Kong expands to accommodate several activities which can happen concurrently with relationships given priority over tasks.

3.322 Institutional Theories and Cultural Analysis

The now-dominant institutionalist accounts of East Asian business (Hamilton and Biggart:1988, Hamilton and Kao:1990, Whitley:1992) afford a grudging peripheral role to culture in the structural reformulation of institutions during modernisation. The transaction cost theories of Williamson (1975) explain business structures in terms of cost efficiencies and view networks, the dominant structure in East Asian economies, as hybrids to the 'normal' alternative structures of markets or hierarchies. The differences between the

'culturist' and other approaches is attributable in part to the failure, thus far, to resolve Nadel's paradox. A solution is not proposed here but the submission of this thesis is that the 'culturist' position is the denigrated 'non-rational' or 'bounded' rationality alternative to the privileged and dominant theories which reflect the rationalist obsessions inherent in the scientific paradigm. As such, the proposition is that a promotion or liberation of the denigrated cultural approach within organisational theory and a cultural deconstruction of the dominant paradigm is prescient. The objective here would be to enrich and rebalance the institutionalist approach rather than destabilise it.

The psychological emphasis of much of the literature which emphasises the identification of cultural dimensions is complemented by the literature investigating institutions, which varies considerably in the importance afforded to culture.

The marginalisation of culture in institutional theories

Williamson (1975) was one of the first to reinvigorate the study of institutions in the face of increasing dominance of the social sciences by behaviourist models. Williamson's model is based upon three human attributes: 'bounded rationality', opportunism and dignity (McGuinness:1991:67) which result in sub-optimal utility maximisation because of the existence of "cognitive limits, incomplete information, and difficulties in monitoring and enforcing agreements" (DiMaggio and Powell:1991:3). The transaction costs associated with these uncertain 'externalities' will determine the boundary conditions affecting institutions as to whether exchanges are internalised into a

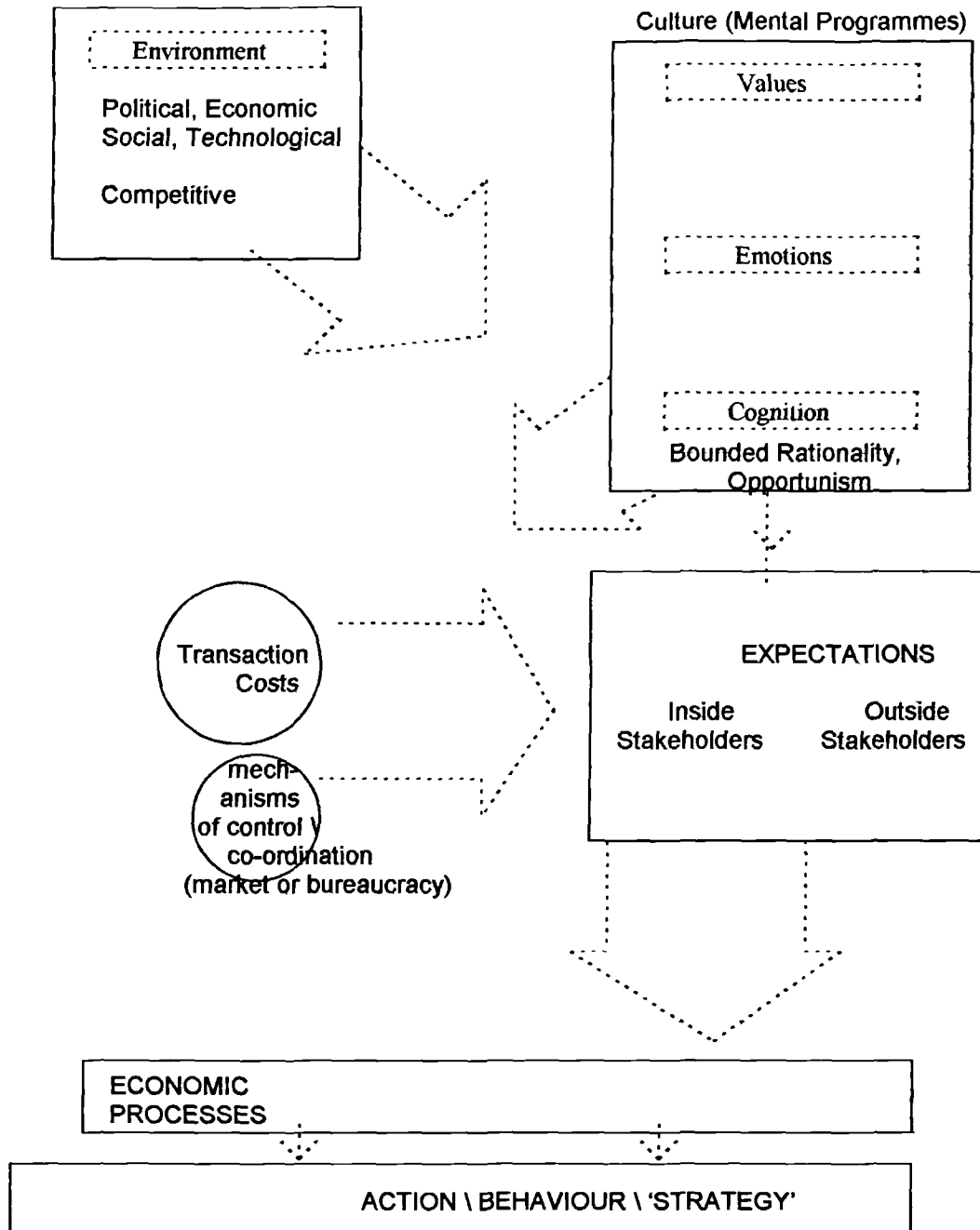
bureaucratic institution or left to market institutions. Williamson partially departs from the neo-classical model in the replacement of the assumption of rationality with 'bounded rationality'. In terms of conceptualisation of forms of governance and co-ordination, however, Williamson suffers from the same ethnocentric, cultural myopia as the neo-classicists in that only two forms of economic organisation are conceived. Network institutions, the most appropriate form for the cultural conditions in Chinese societies, are overlooked. It is left to Ouchi (1980) to remedy the deficiency in Williamson's model by adding the class of 'clans' to markets and bureaucracies and initially to Aoki (1988) and subsequently to Aoki, Gustafsson and Williamson (1990) to describe the context of co-ordination for Japanese firms as characterised by 'treaties' rather than prices or administrative orders.

Another problem with Williamson's model is that it is an "efficiency explanation" of organisational design (McGuinness:1991:71) which relegates issues of power, culture and social interaction to epiphenomena. Within neo-institutionalism there are "differences in treatments of transaction costs, contention over the optimality of institutions, and differential explanatory weight given to the state and ideology" (DiMaggio and Powell :1991:4). Therefore, some neo-institutionalists appear to agree that "a comparative evaluation of the alternative approaches should be based not on ideological issues, but on their ability to make sense of empirical observations" (McGuinness:1991:71). Cazal reports a crystallisation of the criticisms of Williamson's transaction cost approach in the work of Granovetter in establishing foundations of 'economic sociology' (Cazal:1996:78). Granovetter (1992) regards Williamson as making

the critical errors of failing to recognise the co-existence of social and economic goals in economic action, of overlooking the embeddedness of economic action in ongoing networks of social relationships, and consequently of ignoring 'social construction' of economic institutions. These criticisms are particularly resonant in networked economies of Southeast Asia such as Hong Kong. Williamson's model is represented in the context of the theoretical framework in fig.3.5.

In terms of the 'hierarchy of complexity' (page 162), Williamson largely ignores the ideational domain, except in the identification of the importance of bounded rationality. The essential focus is, however, upon the domain of 'interests' which prevents a multidimensional and multi-level approach. Williamson is, accordingly, categorised within the hierarchy as a type 'C' theory towards the lower end of the ranking.

Fig 3.5: Framework for Williamson's Model



Synthesising institutional and cultural approaches

Wilkinson (1996) attributes the different interpretations of *culturists* and *institutionalists* to different aspects of Weber's work. Both *culturists* and *institutionalists* attribute different influences to the structuring of organisations;

the former emphasising cultural environments and the latter emphasising structure as embedded in institutional environments (Wilkinson:1996:428). These interpretations do not have to be mutually exclusive, however, as they can be regarded as perspectives or 'vantages' assessing similar issues in different domains; specifically the social 'brain' and the cultural 'mind' of human societies. The *institutionalists* in the main have failed to recognise the existence and / or importance of the parallel cultural domain and this limitation prevents the exploitation of synthesising institutional and cultural domains, so impoverishing their contribution.

The *institutionalists*, like the *culturists*, disagree with Weber's pessimism about the prospect for successful capitalism in the 'Orient' (Wilkinson:1996:428). These *institutionalists* stress the developmental potential of Chinese social institutions, particularly non-business institutions like the family and the state, in underpinning indigenous capitalist forms. They fail to recognise that institutions *are* cultural just as the cultural process involves institutionalisation in its formation and reformation. Institutions can be regarded as a product of accumulated cultural processes; they are actually 'cultural' artefacts or one of 'culture's consequences'. Culture, for Hofstede, is assumed to act as an intervening variable, in the form of 'societal norms' as value systems, filtering an interpretation of the environment which accumulates to the "development and pattern maintenance of institutions in society" (Hofstede:1984:22). These institutions (including the category of organisations), in turn, reinforce the societal norms and environmental conditions that created them which enables cultural patterns to remain in stable equilibrium for long periods. Thus

institutions, in this view, are both a 'consequence' of culture and an instrument in its formulation and reformulation.

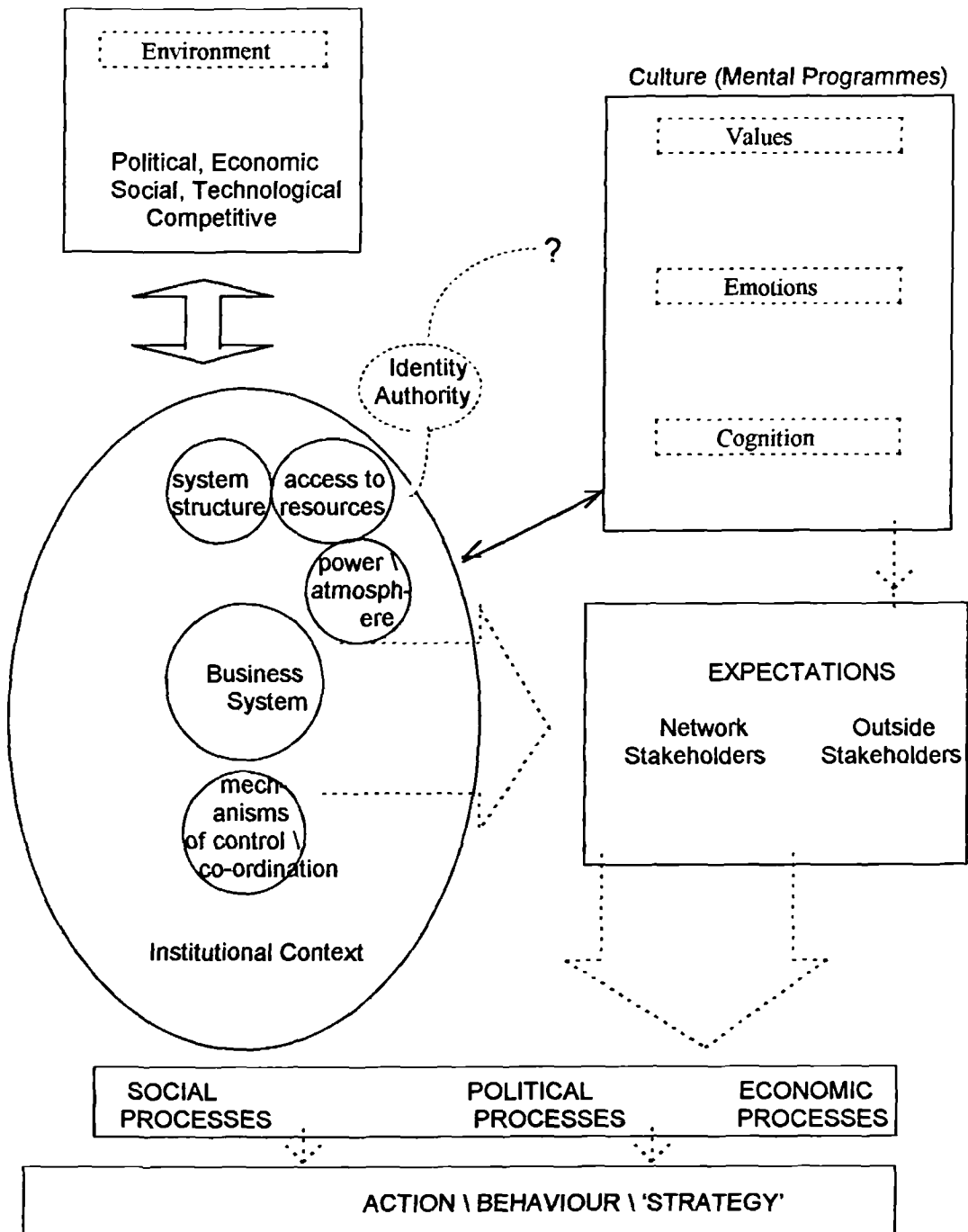
Institutionalist theories share a view of human relationships and behaviour as products of a social process (Wilkinson:1996). It is in Scott's definition of institutionalisation (Wilkinson:1996:429) that we see the cultural underpinnings of this process, which is described in terms of a 'taken for granted' shared definition of reality which configures behavioural 'norms'. Norms as an element of the social domain are related to values in the cultural domain. Norms relate to conduct, in contrast to values which pertain to preferences and priorities. Both norms and values are related but not always coterminous although, in the main, values will tend to influence the range of acceptable norms (Cohen:1968), even if the degree to which actions are influenced by norms and values varies from one type of conduct to another and from one type of society to another (Cohen:1968:78).

As a result, the *institutionalists* critique of the *culturists* elevation of the role of pre-modern values and beliefs to the supposed detriment of a 'way of life' derived from social and political institutions is a fallacy as these institutions are themselves culturally influenced as well as influencing culture. The *institutionalists* consistently refer to cultural influences which they assimilate into their social 'brain set' as institutional factors. For example, Hamilton and Biggart (1988) talk of pre-modern 'traditions' as elements of the institutional environment, rather than as cultural factors, and Whitley (1992,1993) depicts many cultural influences of 'variations in market organisation'.

Whitley's model

Whitley (1992) adopts a structural approach in a comparative analysis of business systems, or hierarchy-market relations, which identifies the implications of different institutional contexts for variations in market organisation. The idiosyncrasies of Hong Kong business are described as being attributable to the uniqueness of Hong Kong's social institutions and particularly to the institution of the (typically small) Chinese Family Business (CFB). Cultural values and beliefs are considered to be a more "indirect and diffuse" influence (Whitley:1992:17) and the main influence is upon the distinctiveness of business systems (Whitley:1992:14). Three components define business systems within an institutional framework, according to Whitley. The size and development of firms within the system, the nature of inter-firm bonding and the 'glue' which holds the firms and the system together. These components operate within the institutional environment. The institutional environment governs access to capital and skills which determine the characteristics of business systems. The institutions are created by social and political historical developments embedded in 'traditions' and societal norms but these are not culturally determined relationships. Whitley, therefore, marginalises the importance of culture as an epiphenomenon and privileges the role of social institutions and the structural patterns evident from changing positions in the struggle for resources in an economy. Whitley, nevertheless, depicts many cultural influences for 'variations in market organisation' and elevates some cultural influences, such as identities and authority structures to

Fig.3.6: Whitley's Business Systems Framework



the status of "significant institutions" (Whitley:1992:17). However, he does not recognise that social institutions are themselves one of 'cultures

consequences'. Whitley's business systems approach is depicted within the theoretical framework by fig. 3.6.

In terms of the 'hierarchy of complexity', Whitley follows Williamson in largely ignoring the ideational domain whilst focusing upon the domain of 'interests'. This again prevents a multidimensional and multi-level approach Whitley is, accordingly, categorised within the hierarchy as bordering between a type 'C' and 'E' theory. Whitley does present a multidimensionality in his conceptualisation but this multidimensionality refers to the structure and processes of the domain of interests rather than the cultural domain of ideas. Culture is conceptualised as a unidimensional, grudgingly peripheral variable which is not central to the exploration of business systems.

Sekaran and Snodgrass's understanding of the dynamics of culture in networks

Institutional theory, new institutionalism and neo-institutionalism's application to Hong Kong has been limited by its apparent avoidance of culture, other than as a peripheral variable. Sekaran and Snodgrass (1990) have provided the only substantive empirical attempt so far of understanding negotiation aspects of culture in networks. They have recognised three co-ordinative or 'negotiating' mechanisms of markets, hierarchies and networks as 'De Facto Market', 'Contract-Based Alliance' and 'Integrated Clan' network forms (Sekaran and Snodgrass:1990:96) as 'dependent' variables. They also recognise three underlying premises, central to the network approach. These 'network dimensions' of motivation for entry, positioning, and linkages are processes hypothesised as subject to cultural influences. From these network

dimensions nine items were identified as independent variables hypothesised to influence the three 'negotiating mechanisms' significantly differently in different cultures. In sum :-

"eight factors, all of which are influenced by culture, have been identified as relevant to networks from the motivational, positioning, and linkage perspectives. They are. (1) profit orientation (running on a continuum of very little to a lot); (2) customer orientations (very little to very much); (3) individualism (to collectivism); (4) aligning with others in negotiations (the other extreme being to take a non-aligned, separatist stance); (5) trust (very little to very much); (6) time orientation (present time to long-term future); (7) orientation toward planning (very high to almost spontaneous action without any planning); and (8) control (internal to external)."

(Sekaran and Snodgrass.1990.101)

Samples of Malaysian, U.S. and Canadian students attending U.S. universities were taken. The principal hypothesis was that the Beta weights of some of the independent variables, like 'alignment' and 'trust', would be significantly different in the Southeast Asian sample than the North American samples. The other hypotheses were mostly designed to test the influence of Hofstede's (1980) Dimensions upon specific independent variables. Specifically it was hypothesised that Power Distance would affect 'trust' levels as an aspect of 'linkage' processes, in that high PDI Malaysia would demonstrate lower trust than the North American samples. It was also hypothesised that low IDV (Individualism) Malaysians would show both a higher preference for positional 'alignment' and 'individualistic' motivation for entry. Another hypothesis was that little difference of 'planning' orientation would be a reflection of the fact that there was little difference in Uncertainty Avoidance between the three country samples. Finally, it was hypothesised that Malaysian subjects would tend to focus upon profits and customer orientation, as well as resorting to all three negotiating mechanisms, more than their Western counterparts.

Except for the expectation that Malaysian students would show 'individualistic' motivation for entry, Sekaran and Snodgrass (1990) found support for the principal and supplementary hypotheses. These findings further support Hofstede's (1980,1991) thesis that organisational behaviour is culture-bound. It provides a rough indication how Southeast Asian cultural 'roots' in terms of Hofstede's (1980) Dimensions could influence negotiation aspects of the motivational, positioning and linkage processes of networks and networking in the Asian Pacific region.

A number of problems with the Sekaran and Snodgrass (1990) study mean that, although the study is a welcome contribution to a multidimensional conceptualisation of culture, its uni-level logical empirical reductionism was not replicated in this thesis as a strategy for research operationalisation. In the first instance the reduction of complexity to a set of variables which enable positivistic analysis detracts from the requirement to examine the Hong Kong cultural tree holistically. The Sekaran and Snodgrass (1990) study, in this regard may be adopted as a simplification of a whole which requires a complementary focus upon a more complex, qualitative, subjectivist approach. Such an approach takes the view that any progress toward 'understanding' requires more than Sekaran and Snodgrass (1990) provide. In particular, it is assumed that validation of a complex, multi-level, holistic conceptualisation of culture embedded in real-life contexts requires methodological or analytical generalisation rather than statistical generalisation. In this view Sekaran and Snodgrass (1990) provide more specialised, secondary and less complex 'description' of aspects of the whole rather than any progress towards a more

holistic 'understanding' and, consequently, their model is categorised as type 'C' theory in the hierarchy of complexity, at the border with type 'E' theory.

ADVANTAGES & DISADVANTAGES

The type 'C' and 'D' theories reviewed here are, in varying degrees, consonant with a multidimensional conceptualisation of culture and institutions. Their tendency to accept multidimensional conceptualisation without an accompanying commitment to multi-level research operationalisation determines their middle ranking position within the 'hierarchy of complexity' (page 162). Despite this, some of the ideas generated by this level of theory proves useful in the pursuit of a multi-level research agenda. As a complementary 'reservoir' of ideas and approaches these theories provide potential for multi-level research. These ideas are borrowed eclectically in this thesis in part 3, which involves the empirical investigation of a multi-level research framework, developed in part 2.

3.33 Type A and B Theories

In explaining the influence of culture on the successful economy of Hong Kong, a variety of interpretations are evident ranging from those attributing little or no cultural influence to others regarding culture as the principal determinant. Part 2 (below) examines the range of interpretations and synthesises them into a comprehensive theoretical framework which does justice to multidimensional conceptualisation and a multi-level research operationalisation.

Conceptualisations of culture can be classified as to whether they recognise multiple indicators and/or levels of analysis. Hofstede's (1980,1991) work, for example, recognises both multiple indicators and levels of analysis in cultural conceptualisation. In terms of *conceptualisation*, therefore, Hofstede's approach may be regarded as multidimensional. Type 'A' and 'B' theories in the 'hierarchy of complexity', in addition to multidimensional conceptualisations, have multi-level agendas for research operationalisation. The work of Redding, Shaw, Griswold, Broekstra, along with Lessem and Neubauer may be regarded as satisfying the criteria for type 'A' and 'B' theory. These contributions are discussed below.

Redding and Shaw

Redding (1980) proposes a model of the manner in which "cognitive processes may be influenced by culture" which envisages three mental states "as operating between the impinging of information on a person and the motivation to behave" (Redding:1980:128). The three mental states are perception, cognitive processes and cognitive systems, which are cognitive maps guiding motivation and behaviour. Culture is held to be influential in all three mental states by effecting the meanings developed in them.

Redding goes on to examine Chinese perception, cognitive processes and systems in comparison to 'Westerners' and considers the implications for Chinese managerial behaviour. In perception, Chinese ontology is described as substantively different from its Western equivalent in relation to causation, probability, time, self and morality (Redding:1980:131). Chinese cognition is

identified in terms of "Intuitive perception and more reliance on sense data. Non-abstract. Non-logical (in the Cartesian sense). Emphasis on the particular rather than the universal. High sensitivity to context and relationships" (Redding:1980:133). Chinese perceptions of probability and uncertainty are described as reflecting a more fatalistic view of the future than commonly found in "the Western mind" (Redding:1980:135). Perceptions of time for the Chinese are described as cyclical or 'polychronic' rather than linear or 'monochronic' (Redding:1980:135) and perceptions of 'self' as embedded in the context of social relationships and networks of obligation (Redding:1980:136). Chinese perceptions of morality are characterised as 'shame' based rather than 'guilt' based resulting in collective control through the operation of 'face' (Redding:1980:138).

These Chinese perceptual characteristics cultivate organisational forms which are characteristically communal or *Gemeinschaft* as they normally involve small organisations making intuitive, contextual, immediate decisions without a formal planning framework. Overseas Chinese organisations normally have informal structures, low objectivity of performance measures, personalistic relationships with suppliers / customers, nepotism and patronage in internal relationships, centralised power and a high degree of strategic flexibility (Redding:1980:139). Because of these features, Redding casts doubt upon the convergency hypothesis and the likelihood of development of management practises within Chinese organisations being based upon a more 'rational' model, capable of sustaining large-scale enterprise (Redding:1980:147).

Shaw (1993) provides a cognitive categorisation model for the study of intercultural management which provides a theory-based framework derived from cross-cultural psychology. This has the broader potential of resolving the problem of equating *constitutive* and *regulatory* forms whilst overcoming some of the methodological problems described by Tayeb (1994). Blunt and Richards (1993) identify substantive differences between Western and Eastern strategy, structure and culture as well as differences amongst East and South East Asian societies and the uniqueness of overseas Chinese enterprise. Shaw (1993) is concerned to explore the behavioural implications of these differences for individuals from different cultures interacting within organisations. The cognitive categorisation model that results, assumes that intercultural problems are mainly the result of different cognitive schema and information processing scripts about behaviour which derive from cultural differences between the intercultural actors (Shaw:1993:285). Culture is assumed to affect the content and structure of schemas and also influences the nature of information processing in terms of whether it is 'automatic' or 'controlled'.

As a consequence, differences in schema content and structure or differences in the nature of information processing, which may be reduced or heightened by situational factors, are seen as the greatest potential source of cultural conflict (Shaw:1993:295). Although this model is designed to examine intercultural interaction, its relevance is wider in that it provides a framework for reconciling structural ideational aspects of culture (such as values) with socio-cultural processes of interaction between agents (moderated by cognition and

behavioural scripts). In other words, the cognitive categorisation model provides a useful perspective on the problem of equating culture and agency (Archer:1996).

An almost identical approach is proposed by Cray and Mallory (1998) who place organisational culture, organisational cognition and individual cognition as the principal 'sense-making' moderators between national culture and behaviour. By doing so they hope to overcome the limitations of Hofstede's (1980) approach which was to treat 'national' and 'organisational' culture as theoretically and empirically incommensurate (Cray and Mallory :1998:103). The adoption of a simple algorithm to describe this model which "should not be considered exhaustive" (Cray and Mallory :1998: 103) somewhat compromises the welcome progress that this contributes towards the emergence of a unified theory.

In terms of the cultural 'tree', Shaw's (1993) cognitive categorisation model and the cognitive model of Cray and Mallory (1998) provide a very useful perspective of the relationship between cognition and behaviour at the level of the 'leaves' of everyday interaction. These cognitive models also provide theoretical support for the proposed connectedness between the 'leaves' of cognitive and behavioural processes with the ideational structural 'roots' of values and other elements of the "cultural suprasystem" (Lessem and Neubauer:1994:9).

The eighth culture of capitalism : theory 'c'

A rather different type of economic activity has emerged as a 'consequence' of the uniquely different cultural environment in Hong Kong from most Western countries as well as, to a some extent, Japan (Scott:1992). The linkages between societal values and economic performance within Overseas Chinese communities have been investigated in some depth by Redding (1990). This work shows the central importance of values and particularly those associated with 'familism' in partially explaining the source of recent economic success amongst the Overseas Chinese. Redding also emphasises the importance of manager-owners who created 'recipes' or cultures in the form of family businesses, which are cultural artefacts peculiarly well suited to the socio-cultural environment and well placed to exploit opportunities in the economic environment. In demonstrating the dominance of family-based businesses in Hong Kong, Redding provides empirical support for Hofstede's model of culturally influenced organisational structure which predicts a 'simple structure' for modal organisations in High PDI \ Low UAI societies. He describes a distinctive and coherent form of capitalist development largely through investigating the values of founder-leaders who "together constitute a spirit of Chinese Capitalism" (Redding:1990:15).

Redding's rationale of the success of the Overseas Chinese centres on the concept of an 'economic culture' (Redding:1990:15), which describes connections between socio-cultural values and economic behaviour conducive to economic development. Taoist, Buddhist and Confucian (or more

appropriately neo-Confucian) ideals, especially familism, are essential sources of socio-cultural values which, through the vehicle of the Chinese family business, enable successful economic behaviour. Redding's (1990) work is the most comprehensive study of the Overseas Chinese available at this time. It is entirely consistent with the cultural 'tree' metaphor. The 'roots' are described in terms of Confucian, Taoist and Buddhist beliefs and values which emphasise humanitarian morality and good manners (Redding:1980,1990). The 'trunk and branches' are described by the Chinese family networks and their hierarchical and 'ordered' relationship rules involving 'Guanxi', 'face' (mien-tsu), bounded and particularistic trust (xinyong) and personal obligation (renqing) (Redding:1980, 1990, 1991,1994a, 1994b, 1995; Redding and Ng:1982). The 'leaves' are influenced by the rules for action which emphasise positive attitudes toward hard work, frugality and pragmatism (Redding:1990:43). Redding's work can be regarded as within the highest ranking group of the 'hierarchy of complexity'. Its further advantage is that, unlike others within this category, multidimensional conceptualisations are complemented by multi-level empirical research.

Di Maggio

The literature on the relationship between culture and economy (work and organisation) is often contradictory reflecting different conceptions of culture. Many distinctions between conceptions of culture are evident. One of the most useful is a rough analytical distinction between *constitutive* forms (categories, typifications and scripts) and forms that are predominantly *regulatory* (norms, values, routines) (DiMaggio:1994:27).

The former approach, favoured by most anthropologists, emphasises culture and economy as mutually generative and difficult (if not impossible) to distinguish each one from the other since culture is seen as providing systems of meaning which define actors 'interests', so enabling economic action, which in turn generates categories and understanding in an iterative process. The latter approach, favoured by most economists, is to treat economic behaviour and culture as analytically distinct and stress how culture constrains and configures the individual's economic efforts (DiMaggio 1994:28). In this view, the assumption appears to be that the relationship between culture and economy is not mutually generative but exists as a dependent and independent variable. The principal contention is often the question surrounding which is the dependent variable and which the independent variable.

The central problem facing conceptualisations of culture as one domain co-evolving with a parallel domain of interests is Nadel's Paradox. This paradox concerns the problem of accommodating these dual domains of 'interests' and 'ideas' in analysis of the human condition. The domain of 'interests' appears compatible with quantitative, logically empirical analysis of the structure of relationships. The domain of 'ideas' appears more compatible with more qualitative analysis which is sensitive to the subjective interpretations of cultural actors and the underlying structure of their ideas. The paradox is that progress towards better explanation and understanding relies upon the simultaneous application of two apparently incommensurable approaches (DiMaggio:1992).

Lessem and Neubauer, Griswold

The foundations for a theoretical framework have already been developed through two metaphorical schemas which describe 'culture' alternatively in terms of a 'tree' (Lessem and Neubauer:1994) and as a 'diamond' (Griswold : 1994). They are also consistent with Margaret Archer's (1996) propositions on the myth of cultural integration and the processes of cultural morphogenesis as discussed (above) in chapter 2.

The cultural tree

The first of the two metaphorical schemas approach is intended to describe a "layered cultural reality" (Lessem and Neubauer:1994:11) which shows "organically connected" (Lessem and Neubauer:1994:10) cultural levels within systems metaphorically represented as a tree. The 'leaves' depict surface behaviour, attributes and attitudes, the 'trunk and branches' portray institutions and ideologies, and the 'roots' represent the deeper cultural influences, such as religion and art. The tree metaphor depicts a complex interaction between cultural, institutional and behavioural factors. Ideology can be accommodated in a synthesis of cultural and institutional approaches and, as a result, political questions can form an integral part of such approaches. The tree metaphor depicts culture as a multi-level phenomenon which are influences at different levels as values, ideologies, institutions and everyday action. As a result, institutions are seen as a cultural form just as ideology, politics \ interests, agency and action are also cultural forms. They sustain each other in a similar way to that in which the leaves, branches, trunk and roots of a tree are interdependent and interrelated by the same 'DNA'.

The tree is a metaphorical synthesis of a generic conception of 'intercultural' management (Lessem and Neubauer:1994:10) which sees different generic business orientations world-wide based upon different generic philosophies, images and ideas. The business orientations in the form of managerial attributes and organisational models / frameworks at the 'leaves and branches' levels are founded on ideas and images at the level of the 'trunk and branches' (Lessem and Neubauer:1994:10). Within business systems, therefore, individual elements at the different levels cannot be separated and transferred discretely to other business systems because of their internal consistency and "organically connected" (Lessem and Neubauer:1994:10) inseparability. It is seldom possible, consequently, to transfer managerial attributes and organisational models / frameworks from one business system to another because of their philosophical, economic, social and cultural embeddedness.

Within this thesis, this approach has been adopted as an ontological assumption, although the constituents of the cultural tree are organised in an adapted configuration. Fig. 3.7 depicts the cultural levels within systems metaphorically represented as a tree. The 'leaves' depict surface behaviour, attributes and attitudes, the 'trunk and branches' portray institutions, ideologies and 'sense-making' cognitive mechanisms, and the 'roots' represent the deeper cultural influences. The principal departure from Lessem and Neubauer's (1994) tree are that:-

- a) Institutions are depicted at the trunk or stem rather than at the level of the branches of the tree. The tree is conceived of in three dimensional terms in fig. 3.7 with at least two 'aspects' representing the 'ideational' and 'interests' sides of the tree. Consequently, the tree can be viewed

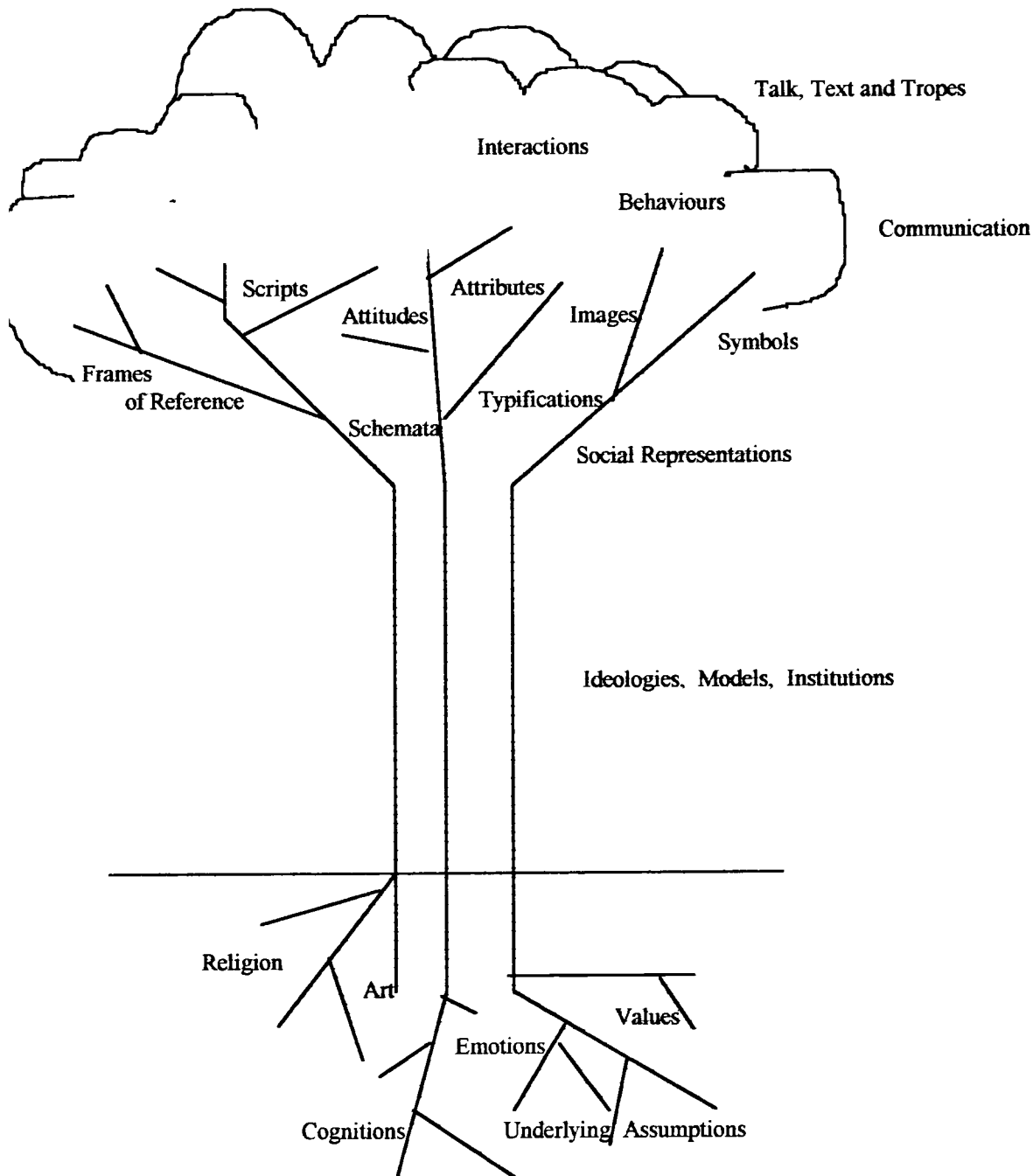
from these different vantages or aspects which will have in common a multi-level view.

b) The roots of the tree incorporate additional factors such as values, emotions and cognition. The 'roots are more broadly depicted as representing the 'structure of ideas' (from the ideational aspect which is in focus) in Archer's (1996) terms. Religion and Art are considered the explicit manifestation of these ideational structures and are reflections of a cultural heritage derived from the evolving ideational structures resulting from a "particular geographical, political, economic, social and religious context" (Hickson and Pugh: 1995:43).

Values, therefore, are considered an implicit equivalent to these explicit manifestations and an element of these implicit values is the subsequent focus of analysis of the ideational structural 'roots' of Hong Kong culture.

The tree metaphor, in summary, depicts a complex interaction between cultural, institutional and behavioural factors. Ideology can be accommodated in a synthesis of cultural and institutional approaches and, as a result, political analysis can form an integral part of such approaches. The tree metaphor depicts culture as a multi-level phenomenon involving influences at different levels such as beliefs, values, ideologies, institutions and everyday action. As a result, institutions are seen as a cultural form, just as ideology, politics \ interests, agency and action are also cultural forms. These elements at different levels sustain each other in a similar way to that in which the leaves, branches, trunk and roots of a tree are interdependent and interrelated by the same 'DNA'.

Fig.3.7: The Cultural Tree Viewed from its 'Ideational Aspect'
 (adapted from Lessem and Neubauer : 1994)



The cultural diamond

The second approach portrays culture as a 'diamond' (Griswold:1994:15). Griswold uses the diamond metaphor to explain how social structure and culture influence each other and specifically to investigate the interconnectedness between four elements. These are *cultural objects* (symbols, beliefs, values and practices) that enable expressive interpretation of meaning and 'reality' and which equate to the 'social mind'; the *social world* (structural and contextual elements of economy, politics and society) which equates to the 'social brain'; *cultural creators* (organisations and systems that create and distribute cultural objects); *cultural receivers* (the members of a culture that receive and interpret information subjectively on an everyday basis). Culture, in Griswold's schema, is a complex interrelationship between all of these elements but most fundamentally is a set of elements that constitute a process. The relationship between *objects* and *social world* is described as 'reflection' of the empirically evident social structure and its subjective expression and interpretation through objects such as values and symbols. The creation of this reflection is described as an everyday process involving two-way communication between *creators* and *receivers* of culture, using language and symbols as systems which configure meaning.

The cultural tree and the cultural diamond represent culture as a complex multidimensional phenomenon within which institutions, values and behaviours are all regarded as 'cultural manifestations' co-determined in a complex interrelationship. Cultural analysis is, as a result, not unlike examining a

hologram (Capra:1982:328) since the whole is encoded in each part. As a consequence, the whole phenomenon can be 'viewed' from any of its parts. In terms of analysis this provides many vantages (psychological, social structures, everyday communication and interaction or combinations of these). These vantages, or approaches, provide the potential within which culture can be better understood and provide a basis for developing a theoretical framework with sufficient complexity to do justice to its multidimensional nature. A better understanding, it is assumed, is achieved from analyses from many vantages.

The approaches of Lessem and Neubauer (1994) and Griswold (1994) appear consistent with Margaret Archer's (1996) propositions on the myth of cultural integration and the processes of cultural morphogenesis. The problem of equating social structure with culture is central to Margaret Archer's (1996) propositions on the parallel problems of 'structure and agency' and 'culture and agency' and the possible unification of structural and cultural analysis from the morphogenic perspective (Archer:1996:288). According to Archer, the myth of cultural integration lies at the heart of misconceptions of culture within social science. Conflation of two levels of analysis (the macroscopic Cultural System and the microscopic Socio-Cultural interaction) means that one form is invariably held to be the determinant influence and the other the epiphenomenal dependent variable (Archer:1996:97). Similar difficulties and methods of resolution are evident in the 'parallel' social domain between structure and agency which have tended to overshadow the analysis of the cultural domain. Archer argues that the elevation of cultural analysis to parity

with structural analysis promises to reveal how the two domains intersect whilst simultaneously unifying conceptual and theoretical problems and solutions. The same sentiments are evident at a different level of analysis with the work of Lessem and Neubauer (1994) and Griswold (1994).

Broekstra

The emergence of the conscious 'mind' metaphor in organisational analysis, as the consequence of the emergence of an 'evolutionary' paradigm which is in the process of displacing 'mechanistic' and 'organismic' paradigms, is explored through the idea of the 'triune-brain' (Broekstra:1996). The suggestion is that the consciousness of complex, multi-levelled, living systems, means that the self-organising network is likely to become the normative organisational form in the coming era. The conscious 'mind' metaphor, as we shall see, shares considerable 'domain similarities' with the relational network of Chinese Family Business in Hong Kong. The 'mind' metaphor may be, for some, more appropriate than the 'cultural tree' in interpreting the complexities of Hong Kong business networks in that it evokes a conception of a conscious, intelligent and learning system. It was not used to co-ordinate the discussion here because of the multiplicity of mental metaphors throughout the literature at both general theory level and at the level of culture, work, organisation and management.

Johnson and Scholes' cultural model of strategy

The complexity of the influence of 'culture' upon 'strategy' means that simple linear models, such as in the 'strategy management doctrine' or Porter's

models of competitive strategy, are an inadequate basis upon which to explore Hong Kong's 'businessphere'. Johnson and Scholes (1993) provide a culture-based model of strategy which permits sufficient complexity to avoid the ethnocentrism inherent in simple, linear, 'rational-actor' models. As a result Johnson and Scholes' (1993) model is a principal influence upon which the theoretical framework in part 2 is based.

The Johnson and Scholes (1993) model assumes that strategy is influenced by culture through its effect upon the expectations of stakeholders and their political consequences for the emergence of organisational purposes. Culture is assumed to have a multi-level effect. J.C Spenders model of 'industrial recipes' (Spender:1989) has been incorporated into this cultural view of strategic development (Johnson and Scholes:1993:46) along with national, organisational, functional and professional cultural 'frames of reference'. This view also assumes that core cultural assumptions are surrounded, protected and reinforced by a 'cultural web' (Johnson 1992) of 'perceived practices' (Hofstede:1991:181) about everyday action or assumptions about 'the way we do things around here' (Deal and Kennedy:1988:4) as well as more tangible structural characteristics.

The model is capable of coping with the complexities of multidimensional cultural influences and identifies two stereotypical 'national' strategic cultures; namely 'planned' strategy and 'adaptive' strategy cultures (Johnson and Scholes:1993:159). Planned strategy involves the management of uncertainty through control and direction of a hierarchy, individuals and work tasks. The

US is cited as coming close to this stereotype. Adaptive strategy involves the accommodation of uncertainty through reactivity, flexibility and responsive through group orientation and social concerns. Japan is cited as coming close to this stereotype and the assumption in this thesis is that it also approximates to how strategy is conceived and enacted in Hong Kong.

3.4 SUMMARY AND CONCLUSIONS

This chapter begins with a review of typologies of culture which affirm cultural analyses as varying in terms of degrees of complexity. This provides the heritage for the construction of a 'hierarchy of complexity', as developed in the previous chapter, adapted to evaluate the literature relating to culture and organising. This hierarchy delineates different degrees of complexity amongst theories on one dimension and different paradigmatic assumptions on the other. This enables categorisation of principal contributions to cultural analysis involving considerations of organisation, management and work, particularly with reference to Hong Kong and other Overseas Chinese cultures.

The 'hierarchy of complexity' identifies three principal levels within it. The lowest level in the hierarchy (types 'E' and 'F' theory) are characterised by their unidimensional conceptualisations of culture and their corresponding uni-level agendas for research operationalisation. The 'mid' level (types 'C' and 'D') theories are characterised by more multidimensional conceptualisations which tend to be contradicted by uni-level agendas for research operationalisation. The higher level (types 'A' and 'B') theories are characterised by

multidimensional conceptualisations with corresponding multi-level agendas for research operationalisation.

Type 'C' and 'D' theories are by far the most common and popular to be found in the literature. They may be divided into two main approaches; namely 'culturist' and 'institutionalist'. Culturist theories predominantly derive from social psychology or anthropology. They focus upon the domain of ideas and mostly accept a multidimensional conceptualisation of culture. Their solutions for research operationalisation, however, are inclined to be uni-dimensional. This is not to say that these approaches are invalid. Indeed Hofstede's approach, which is one of the principal theories in this category, is adopted as a basis for a 'paradigm crossing' strategy to empirical research later in Part 3 which exploits the complementarity between contrasting cultural approaches to access new realisations. The submission here is that Hofstede's model can contribute to our understanding of the nature and importance of national culture to management and organisations, particularly at the level of the 'roots' of the 'structure of ideas'.

The review of the debate between 'culture-free' and 'culture-bound' theories draws together the principal organisational and managerial consequences of Hong Kong's culture. Bhagat and McQuaid's (1982) conceptual framework is used as an appropriate vehicle for classifying cultural studies which examine cultural interpretations for management and organising in Hong Kong or other Overseas Chinese societies. The result is to identify Hong Kong perception as substantively different from any Western equivalent in relation to causation,

probability, time, self and morality. This has an influence for the values held within Hong Kong in terms of assumptions relating to space, time and language. These are depicted as 'linking' assumptions between those assumptions relating to 'external adaptation' and to 'internal integration' (Schneider and Barsoux:1997:30). These assumptions and values have organisational consequences in terms of structure, as relational networks are identified as the prime 'model of co-ordination' in Hong Kong. This structural characteristic has consequences for how strategy, management, organising, work and motivation are conceived and enacted in Hong Kong.

Institutional theories are the second main approach within type 'C' and 'D' theories. Their focus is essentially upon the domain of interests rather than the ideational domain and, as a result, culture is mostly regarded as a secondary or peripheral influence to structural interests in the formation and operation of economic and business systems. Despite this, institutional theories have a contribution to the examination of a culture since their focus upon the domain of interests is complementary to the examination of the domain of ideas. On the assumption that exploration of one domain to the exclusion of the other is incoherent in a multidimensional and multi-level study, institutional theory reminds the examiner not to over emphasise the ideational domain.

Type 'E' & 'F' theories constitute the lowest level in the 'hierarchy of complexity' and are characterised by their adherence to unidimensional conceptualisations of culture and uni-level agendas for research operationalisation. These theories either consider culture to be irrelevant or peripheral and tend to focus

upon the domain of interests rather than the ideational domain. Their 'culture-free' assumptions are criticised, in this review, from the perspective of the theories which are positioned at the level immediately higher in the 'hierarchy of complexity'. This enables a comprehensive articulation of the 'culture-bound' hypothesis. Type 'E' & 'F' theories do not alone enable progress towards understanding of the duality of the domains of 'interests' and 'ideas' or towards explanations of culture as a multidimensional and multi-level phenomenon. They may, however, be useful as a complementary activity reminding 'culturists' and cultural analysts that the domain of interests is co-terminous, interdependent and of equal importance in the objective of improving the understanding of human social phenomena.

Type 'A' & 'B' theories constitute the highest level in the 'hierarchy of complexity' and are characterised by their adherence to multidimensional conceptualisations of culture and multi-level agendas for research operationalisation. They are the most promising theories in terms of their potential contribution to the furtherance of the study of culture although it seems clear that, with the exception of the work of Gordon Redding, conceptualisation and theorising is more advanced than research operationalisation at this level. Consequently an immediate requirement is to develop multi-level research operationalisations that do justice to multidimensional conceptualisations and, therefore, provide the potential within which culture can be better understood and provide a basis for developing a theoretical framework with sufficient complexity to enable validification of its multidimensional nature. In this context Johnson and Scholes' (1993) cultural

model of strategy is recognised as a suitable basis upon which to develop such a theoretical framework.

Type 'A' & 'B' theories mostly represent culture as a complex multidimensional phenomenon within which institutions, values and behaviours are all regarded as 'cultural manifestations' co-determined in a complex interrelationship. Culture, from this perspective, is not unlike examining a hologram (Capra:1982:328) since the whole is encoded in each part. These metaphorical approaches along with the morphogenic systems approach of Archer (1996) also recognise problem of equating social structure with culture, which has been identified as 'Nadel's paradox' by DiMaggio (1992). Culture's complexity, therefore, is a consequence both of its multi-level nature and the duality of its co-determination with the parallel domain of 'interests'.

The 'mind' metaphor (Broekstra:1996), the cultural 'diamond' (Griswold:1994) and the 'tree' metaphor (Lessem and Neubauer: 1994) encourage the development of a theoretical framework which assumes that *different approaches, using different underlying assumptions, are appropriate at different levels of analysis*. These metaphors adhere to the assumption of compatibility of approaches which are, therefore, regarded as complementary thus rejecting the restrictive assumption of the 'incommensurability' of paradigms Burrell and Morgan (1979). This reflects an 'open systems' approach which regards systems as self-organising, 'conscious' inventive and intelligent (Jantsch:1980, Capra:1982, Broekstra:1996). It is consonant with a general systems approach, which recognises multi-level, holistic living systems and proposes to examine

patterns of relationships within and between them (Negandhi:1983). This coincides with the identification of a synthesis between 'open' systems approaches and traditional Eastern, particularly Taoist, thought has emerged (Capra:1982). These approaches emphasise multi-levelled systems, organised in hierarchies of complexity, which have a self-organising 'consciousness'. Different levels of analysis (with different assumptions) are differentially appropriate but the understanding of the whole requires each level of analysis to be regarded as complementary rather than incommensurate.

Part 1 Summary and Conclusions

Burrell and Morgan's (1979) 'functionalist' and 'interpretivist' paradigms provide a foundation for mapping literature. These two paradigms are adopted as a heuristic device to establish a typology of approaches towards cultural theorising and research operationalisation. The typology also distinguishes multi-dimensional conceptualisation and multi-level research operationalisation from other, less relevant approaches. It consequently involves six categories forming a 'hierarchy of complexity' in cultural approaches which allows the exploration of the literature at two levels. In Chapter 2 it is employed at the level of general theory, encompassing contributions from Sociology, Social Psychology and Cultural Anthropology. This literature provides a foundation and a background for examining the more specific literature relating to culture and organising, particularly with reference to Hong Kong and other Overseas Chinese cultures in Chapter 3.

At both levels emergent multi-dimensional theoretical conceptualisations have been realised establishing the heritage of a multi-level and multidimensional approach to cultural study. At the top of the 'hierarchy of complexity' at each level, the complementarity between functionalism and interpretivism is evident, with the advantages and disadvantages compensating for each other and the synergy's from their synthesis are recognised. The argument for the synthesis of the two paradigms and the rejection of the dictum of paradigm incommensurability (Burrell and Morgan:1979), is forwarded. The area for optimal synergy's and for the greatest complementarity appears particularly

within transition zone between paradigms amongst complex, multi-dimensional conceptualisations with multi-level operationalisation research agendas

Archer's (1996) and Lessem and Neubauer's (1994) 'cultural tree' are identified as topping their respective hierarchies of complexities. As such they represent the most accomplished multidimensional conceptualisations accompanied by multi-level research agendas. However, it is recognised that research operationalisation is not as developed as conceptualisation for these theories which, consequently, require further theoretical validification through empirical evidence. This leads to the identification of the need to develop such a research operationalisation which can do justice to such multidimensional conceptualisations. Towards this end a theoretical framework is developed in part 2 which borrows eclectically from within the theories discussed in part 1.

Culture and Organisation in Hong Kong : **A Multi-level Investigation**

Part 2: Developing a Theoretical Framework for Multi-level Research Operationalisation

Introduction to Part 2

Part 1 revealed that culture has been conceptualised in several ways, deriving from various underlying assumptions. The literature reviewed revealed that there are both consistencies and contradictions between these approaches. In order to research culture, it is necessary to clarify a position which conceptualises and defines culture, and to design a research approach to accommodate this definition. This is the principal objective of Part 2. The most striking common theme within the literature is the widespread identification of different levels of complexity in conceptualisation, definition and research approach. A tenuous consensus emerges that complex, non-linear, 'multidimensional' or multi-level conceptualisations have developed to challenge earlier, more simplistic, 'unidimensional' approaches. The review of literature identifies Archer's (1986) morphogenic systems and Lessem and Neubauer's (1994) 'cultural tree' metaphor to be at the top of the 'hierarchy of complexity', constituted by multidimensional conceptualisations of culture and an accompanying multi-level research agenda.

The process of the identification of a complex 'open systems' approach appears to be somewhat uneven in that emerging holistic 'multidimensional' conceptualisations have not, so far, resulted in more holistic studies. Approaches to cultural investigation still appear to be still dominated by narrow conceptualisations and assumptions of determinism, realism, epistemological positivism and nomothetic methodologies. Faced with this structural 'functionalist' hegemony, the investigator of a holistic 'multidimensional' culture must be eclectic in the approach to research. It is proposed in this thesis that a combination of methods between the 'extremes' of objectivist and subjectivist approaches, as suggested by Morgan and Smircich (1980), is appropriate.

The consequences of adopting this complex, multidimensional \ multi-level approach are:-

- a) There is a need to develop a multi-level research operationalisation to match multidimensional conceptualisations
- b) There is a requirement for constructing of a theoretical framework to facilitate the operationalisation of this multi-level research.
- c) This theoretical framework needs to:-
 - i) focus upon the 'trunk and branches' of the cultural tree as a theoretical link between the 'roots' and 'leaves'.
 - ii) accommodate a synthesis between a functionalist examination of the 'roots' and a more interpretivist analysis of the 'leaves' and 'branches'.
 - iii) accommodate a theoretical synthesis between institutional theory and cultural theory, based upon the argument that institutional theory relates to the 'trunk and branch' institutions of the cultural tree, whilst cultural theories have been concerned with 'root' values or the 'leaves' of everyday attitudes and behaviours.
 - iv) accommodate the principal methodological problem arising from this proposed synthesis; namely the resolution of 'Nadel's Paradox'.
 - v) afford a theoretical validation of Archer's (1986) morphogenic systems and Lessem and Neubauer's (1994) 'cultural tree' metaphor as multidimensional conceptualisation of culture.

In order to achieve this, part 2 develops a framework which establishes the theoretical context for the empirical studies reported in Part 3. The framework, therefore, is intended as a vehicle for multi-level research operationalisation aimed at theoretical validation of a multidimensional conceptualisation of culture. It attempts a synthesis between an eclectic combination of theories and concepts which traverse both functionalism and interpretivism. It, consequently, rejects the assumption of paradigm incommensurability (Burrell and Morgan:1979) and adopts a metatheoretical assumption of “paradigm crossing” (Shultz and Hatch:1996) to exploit the complementarity of different approaches to reveal an improved understanding of a multidimensional Hong Kong culture.

Part 2 : Chapter 4

Chapter 4 is the introduction to Part 2 which develops a complex schema and systems model as a theoretical framework. The framework has five principal elements; namely the environment, ‘national’ culture, industrial culture (institutional context), expectations and outcomes, processes and action. The changes and influences in the environment are assumed to affect action or behaviour after passing through invisible ‘cultural filters’ at the macro-level and the meso-level and after also passing through complex social, political and economic processes. As a result, the assumption is that action is largely a result of processes that are a consequence of a ‘reality’ or a perception of the environment that is ‘socially constructed’ through cultural filters.

The theoretical framework, therefore, serves to provide a vehicle which enables the 'multi-level' cultural theories of Archer (1996) and Lessem and Neubauer (1994) to be examined empirically in part 3. Its heritage derives from the principal influence of aspects of neo-institutional theory, 'open systems' theory and cultural theory. Chapter 4 identifies 'Nadel's Paradox', involving the cultural and relational aspects of roles within Hong Kong networks, as well as evaluating the perspectives of network actors as 'themes' in terms of networks (and trust), hierarchy (and administrative orders) and markets (and price).

Part 2: Chapter 5

Chapter 5 involves an evaluation of methodological problems facing studies of culture and organisation using the theoretical framework. The methodological issues reflect the need to match a multi-level conceptualisation of culture with a multi-level operationalisation of research. The argument posed is that solutions to these problems require a recognition of the complementary relation between 'holistic' and 'reductionist' approaches. The theoretical framework is discussed with specific reference to Hong Kong and equated with the elements of the cultural tree. Of particular importance is the significance of 'network' institutions as the 'trunk and branches' that link the roots and the leaves.

The eclectic adoption of theories which forms the basis of the theoretical framework corresponds to the eclectic methodologies adopted in examining the different levels of culture in part 3. This provides a justification for using the values studies of Hofstede (1980) subsequently, as a proxy for the 'structure of

ideas' (Archer :1996) or 'roots' (Lessem and Neubauer :1994) of Hong Kong culture. The micro-level manifestations of culture, the 'cultural agency' (Archer :1996) or 'leaves' (Lessem and Neubauer :1994) of Hong Kong culture are subsequently examined using research case methodology to explore realisations arising from 'critical incidents'. The institutional 'interests'(Archer :1996) or 'trunk and branches' (Lessem and Neubauer :1994) of Hong Kong culture are discussed using the theoretical framework developed here. As such, the theoretical framework provides a theoretical conduit between the two empirical studies reported in part 3.

CHAPTER 4 : THEORETICAL FRAMEWORK

4.1 TOWARDS A THEORETICAL FRAMEWORK THROUGH THEORETICAL SYNTHESIS

Taking account of the various conceptualisations of culture outlined in the review of background literature within the social sciences in chapter 2, culture is conceptualised in this thesis as a complex, multi-level phenomenon which corresponds to Archer's (1996) approach to culture and agency and Lessem and Neubauer's (1994) metaphor of a tree.

The research approach adopted reflects the requirement to examine these mutually supportive holistic approaches for their theoretical generalisability, rather than their statistical generalisability, through a holistic multi-level analysis. Culture is defined in this thesis as *a construct describing a complex entity comprised of explicit and implicit aspects and a process involving the collective subjective interpretation of the material world through communication and the construction of meaning.*

Part 2 expands the concepts inherent in this definition and develops a complex schema and 'open' systems model as a theoretical framework and a metaphorical representation of a complex cultural entity and process in the context of Hong Kong. This model-building of the 'trunk and branches' of Hong Kong's cultural tree is followed by empirical studies, reported in Part 3, which examine the macro-level 'roots' and the micro-level 'leaves' in the context of the network institutions within which these ideational structures and processes operate.

Consequences and justifications for constructing of a theoretical framework

The conceptualisation of culture as a multi-level phenomena; namely societal, institutional, task, organisational and interactional levels of analysis (Negandhi:1983), is one element of multidimensionality. Cultural dimensions can also be manifested in a variety of indicators (values, cognitive structures, behaviours, attitudes, institutions and systems) as well as at the different levels of analysis (individual, group, organisational and societal) (Lytle et al.:1995:172). In addition, different manifestations of dimensions at different levels may be mutually reinforcing or interactive and there may be multiple indicators for each dimension and multiple measures for each indicator (Lytle et al.:1995:173). The dimensions operate as frames of reference for interpreting experience, guiding information about actions and establishing norms guiding behaviour. They operate contingently in a changing environment and affect the perception of such change (Lytle et al.:1995:173).

Culture can, consequently, be examined through different dimensions or patterns (concerning identity, motivation, relationships with others, communication and co-ordination patterns, and relationship with the environment) at different levels (individual, group, organisation, institution, nation or society) involving different indicators (values, cognitions, attitudes and beliefs, symbols, behaviours). The combination of these dimensions, levels and indicators makes the complexity potentially infinite. No one 'paradigm' is likely to be able to satisfy this inherent complexity.

A further complication is that culture as evidenced in the ideational domain is only theoretically distinct from social activity in the political economy of the domain of 'interests' (Archer:1996). 'Nadel's Paradox' concerns the problem of accommodating these dual domains of 'interests' as the latter appears compatible with quantitative, logically empirical analysis of the structure of relationships and the former appears more compatible with more qualitative analysis which is sensitive to the subjective interpretations of cultural actors. The paradox is that progress towards better explanation and understanding relies upon the simultaneous application of two apparently incommensurable approaches (DiMaggio:1992).

Culture is more than a sum of its manifestations (Lytle et al.:1995:174) but its complexity is so great that we can only explain it through its manifestations. Our interpretation of these manifestations is subjective in that the measures we use are founded upon certain assumptions (scientism, humanism or radicalism) and we are in a position akin to the fabled blind men examining an elephant. The tragedy is that each 'blind' approach in social science has been too often inclined in the past to denigrate the assumptions of the other and each type of subjectivity has been regarded as incommensurable with the other. Progress towards improved explanations and greater understanding requires the relaxation of paradigmatic 'apartheid' and the synthesis of approaches, definitions, constructs and research methods. This thesis is intended as a contribution towards such a synthesis.

The submission is that this multi-level analysis of culture at different levels, from many vantages, requires an eclectic use of methods which originate from, or are compatible with, different 'paradigms' in Burrell and Morgan's (1979) terms. As a result, although Burrell and Morgan's (1979) schema was used as a heuristic device to orient understanding of background literature within the social sciences involving culture, one of its principal tenets; the idea of the 'incommensurability' of paradigms is not accepted here.

The idea of complementary approaches, which is an integrative and holistic conception, is a contradiction to the idea of incommensurability. The proposition is that in order to examine the theoretical generalisability of holistic theories and to be able to explain a complex, multi-level cultural phenomenon such as Hong Kong, it is necessary to adopt eclectic conceptions, definitions, constructs and research approaches without being restricted to any particular paradigm. More specifically, it is necessary to adopt approaches not restricted solely to the scientific orthodoxy of objectivist functionalism and the influence of positivist and empiricist traditions which have tended to dominate Southeast Asian studies (Higgott and Robinson:1985:3) as well as studies of institutions and organisation in Southeast Asia.

Rejection of the assumption of paradigm incommensurability (Burrell and Morgan:1979) invites adoption of an alternative metatheoretical assumption of "paradigm crossing" (Shultz and Hatch:1996) to exploit the complementarity of different approaches to reveal an improved understanding of a multidimensional Hong Kong culture. Schultz and Hatch (1996) suggest that

Burrell and Morgan's (1979) metatheoretical assumption of the incommensurability of their paradigms has competing alternative strategies for handling multiparadigm relations in the form of 'integration' and 'paradigm crossing'. Crossing involves the researcher recognising, confronting and engaging multiple paradigms (Schultz and Hatch :1996:533).

Paradigm crossing

Recognising, confronting and engaging paradigms involves four alternative crossing strategies ; namely sequential, parallel, bridging and 'interplay'. Interplay involves the simultaneous consideration of contrasts and connections, differences and similarities across paradigms which positions the researcher to alternate between paradigms inviting new perspectives on organisation theory. It is used as a postmodern approach following calls to overcome hermeticism in organisation theory (Hassard:1988, Holland: 1990) and subsequent prescriptions for its resolution (Gioia and Pitre:1990, Parker and McHugh:1991, Willmott: 1993(a&b)., Weaver and Gioia:1994). In contrast to the employment of 'paradox' in organisation theory it stresses the interdependent relationship between constitutive oppositions which involves the preservation of the tension between insights (Schultz and Hatch :1996:530). Schultz and Hatch clarify conceptual connections, in the form of culture contrasts and connections, in order to explore culture as 'pattern', culture as 'essence' and culture as 'static' structure between the modernist paradigms of functionalism and interpretivism (Schultz and Hatch :1996:530). Interplay, as a postmodern approach, is not bound by these modernist

conventions and is able to liberate the researcher from commitment to either whilst using both, through multiparadigm thinking, to reveal new insights by maintaining the tensions between them (Schultz and Hatch :1996:544). In their exposition of an interplay strategy within organisational cultural studies, Schultz and Hatch identify three implications of functionalism and interpretivism; namely generality/contextuality, clarity/ambiguity and stability/instability (Schultz and Hatch :1996:544). By recognising the interdependencies and maintaining the tensions between these implications the researchers are able to employ a kind of paradigmatic 'doublethink' and , it is claimed, to arrive at a more sophisticated, subtle and complex appreciation of organisation culture (Schultz and Hatch :1996:544).

Alternatively paradigm crossing techniques can include 'sequential', 'parallel' or 'bridging' approaches (Schultz and Hatch :1996:533). Sequential crossing involves exploring the complementarity between paradigms by revealing sequential levels of understanding through one method informing on, or providing inputs, for another from a different paradigm. Parallel crossing involves the application of different paradigms equally and simultaneously. This characteristically requires the researcher to compare differences and conflicts between paradigms (Schultz and Hatch :1996:534). Bridging, in contrast to sequential and parallel crossing, assumes that the boundaries separating paradigms are permeable within 'transition zones' between paradigms (Gioia and Pitre:1990). Bridging is accomplished through the use of second-order theoretical concepts such as structuration, which act as bridges

by focusing upon similarities and commonalties between what become 'indistinguishable' paradigms (Schultz and Hatch :1996:534).

The appropriate technique to use will be the one that serves the contextual situation in which the researcher finds him or herself. The resources available, the experience and skills of the researcher, the extent to which (s)he is working alone or with other scholars and the nature of the problem under investigation are all contextual influences affecting which technique is pertinent. The paradigm crossing techniques are also not absolutely discrete as combinations or hybrids are also possible. In this thesis the approach is to construct a study within 'transition zones' using techniques borrowed from different paradigms and used sequentially. This approach constitutes a hybridised 'sequential bridging' form of paradigm crossing.

Accommodating a theoretical synthesis between institutional theory and cultural theory

In section 3.322 'Institutional Theories and Cultural Analysis' in chapter 3, the argument was forwarded that 'Institutionalist' theories, as a focus upon 'interests', and 'Culturism' as a focus upon 'ideas', should be synthesised to develop better explanations of culture as a multidimensional complex phenomena. Institutional theory relates to the 'trunk and branch' institutions of the cultural tree whilst cultural theories have mostly been concerned with 'root' values or the 'leaves' of everyday attitudes and behaviours. Cultural analysis involves the collective, ideational domain which parallels and co-determines a more evident and empirically examinable social domain involving the structure and action aspects of 'interests'. A resolution of 'Nadel's Paradox' would,

therefore, appear to be facilitated by the synthesis of 'culturist' and 'institutionalist' approaches.

As a result it is assumed here that the development of a complex, multi-level theoretical framework requires a synthesis of theories of cultural with institutional theory. Both can be regarded as perspectives or 'vantages' assessing similar issues in different domains; specifically the social 'brain' and the cultural 'mind' of human societies.

The importance of culture is recognised by *some* new institutionalists because their theory was "named and reified" (DiMaggio and Powell:1991:12) originally by a group of scholars interested in influences of "culture, ritual, ceremony, and higher-level structures on organisations" (DiMaggio and Powell:1991:13). As a result :-

"The new institutionalism in organisation theory and sociology comprises a rejection of rational-actor models, an interest in institutions as independent variables, a turn towards cognitive and cultural explanations, and an interest in properties of supraindividual units of analysis that cannot be reduced to aggregations or direct consequences of individuals attributes or motives."
(DiMaggio and Powell:1991.8).

Culture for these new institutionalists provide 'frames of reference' determining how people interpret ends and means of achieving them but, contrary to the 'evaluative' approaches to culture characterised by 'old' institutional models based on Parsonian theory or, by implication, the values-based model of Hofstede, this new institutional theory places greater emphasis upon *constitutive* cognitive and cathectic psychological influences at the meso and micro level. Cognitive categories, classifications and typifications, rules and routines, action scripts and schema at field level are the focus of interest for

these new institutionalists who reject the *regulatory* emphasis of values, norms and attitudes of the 'old' institutionalism (DiMaggio and Powell:1991:13). This approach allows for agency and relegates the importance of the problem of social order from its central position in 'old' institutionalism. It thus answers some concerns about institutionalist determinism (Wilkinson:1996:433) and the problem is solved, therefore, not through institutionalism alone but by its synthesis with cultural analysis. In this view, the subjective consciousness and actions of humans are meaningful, therefore, in relation to social structure and institutions simultaneously with their culture and values.

New institutionalism does concur with Hofstede in the recognition that psychological patterns or 'mental programs' are different for different societies. Hofstede used nations, as the principal unit of analysis, as a 'proxy' for culture and proposed that different value patterns around the world meant that universal theories of management and organisation are incoherent, since all such theories are 'culture-bound' by the nationality of their authors and the national cultural context of their construction. Similarly, 'new' institutionalists assume that different institutional domains evoke different cognitive, cathectic, and evaluative patterns which will create fundamentally diverse conceptions of economic, organisational and managerial practise. This implies that within cultures, societies and nations conceptions of appropriate economic activity, bases of market order and characteristics of competitive relations are likely to be idiosyncratic.

This aspect of Institutional Theory, along with theories within Economic Sociology, facilitates emphasis of the importance of cultural influences and network structures which are particularly appropriate to Hong Kong and the Overseas Chinese. These theories have influenced the construction of the theoretical framework described below. Also influential in the construction of this framework is 'open systems' theory which regards systems as self-organising, 'conscious' inventive and intelligent (Jantsch:1980, Capra:1982, Broekstra:1996). It is consonant with a general systems approach, which recognise multi-level, holistic living systems and proposes to examine patterns of relationships within and between them (Negandhi:1983). These two influences are congruent with Archer's (1996) morphogenic systems and Lessem and Neubauer's (1994) 'cultural tree' metaphor.

4.2 A THEORETICAL FRAMEWORK; UNDERLYING ISSUES

In explaining the influence of culture on the successful economy of Hong Kong, a variety of interpretations are evident ranging from those attributing little or no cultural influence to others regarding culture as the principal determinant. This section examines the range of interpretations and synthesises them into a comprehensive theoretical framework which represents the 'trunk and branches' of the cultural 'tree' providing a conduit between micro-level 'leaves' of everyday attitudes and behaviour with the 'roots' of cultural influence. The foundations for a theoretical framework have already been developed through two metaphorical schemas which describe 'culture' alternatively in terms of a 'tree' (Lessem and Neubauer:1994) and as a 'diamond' (Griswold:1994). They

are also consistent with Margaret Archer's (1996) propositions on the myth of cultural integration and of cultural morphogenesis as discussed in chapter 2.

The cultural tree and the cultural diamond represent culture as a complex multidimensional phenomenon within which institutions, values and behaviours are all regarded as cultural manifestations co-determined in a complex interrelationship. The tree metaphor is used in this thesis to co-ordinate the presentation of the multi-level approach. The tree depicts a complex interaction between cultural, institutional and behavioural factors. Ideology can be accommodated in a synthesis of cultural and institutional approaches and, as a result, political questions can form an integral part of such approaches. The tree metaphor depicts culture as a multi-level phenomenon which is manifested at different levels as values, ideologies, institutions and everyday action. Therefore, institutions are seen as a cultural form just as ideology, politics \ interests, agency and action are also cultural forms. They sustain each other in a similar way to which the leaves, branches, trunk and roots of a tree are interdependent and interrelated by the same 'DNA'.

The methodological and research consequences associated with a multi-level approach are discussed further in chapter 5. In order to construct the theoretical framework, however, the principal methodological problem arising from the proposed synthesis; namely the resolution of 'Nadel's Paradox, is discussed here.

Nadel's Paradox

Nadel's paradox concerns the problem of accommodating the dual domains of 'interests' and 'ideas' in analysis of the human condition. The domain of 'interests' appears compatible with quantitative, logically empirical analysis of the structure of relationships. The domain of 'ideas' appears more compatible with more qualitative analysis which is sensitive to the subjective interpretations of cultural actors and the underlying structure of their ideas. The paradox is that progress towards better explanation and understanding relies upon two apparently incommensurable approaches.

The problem of Nadel's Paradox is the principal issue when considering the synthesis of structural and cultural aspects of action. Explanations of action that are limited to considerations of the structural position of relationships and their formal institutionalisation ignore cultural aspects built on subjective attitudes and attributes, typifications \ classifications and 'meaning systems'. An adequate approach requires simultaneous attention to both relational and cultural aspects of role-related behaviour but the paradox is that the latter is qualitative and the former quantitative and, as a result, the two appear epistemologically incompatible (DiMaggio:1992).

In other words, structural and cultural explanations are parallels and one without the other within this duality is incoherent. The essential synergy's in overcoming the paradox of the need to simultaneously attend to structural and cultural aspects of role-related behaviour are frustrated by the paradigmatic

'apartheid' inherent, for example, in Burrell and Morgan's (1979) proposition of the 'incommensurability of paradigms'.

The problem of equating social structure with culture is also central to Margaret Archer's (1996) propositions on the parallel problems of 'structure and agency' and 'culture and agency' and the possible unification of structural and cultural analysis from the morphogenic perspective (Archer:1996:288). According to Archer, the myth of cultural integration lies at the heart of misconceptions of culture within social science. Conflation of two levels of analysis (the macroscopic Cultural System and the microscopic Socio-Cultural interaction) means that one form is invariably held to be the determinant influence and the other the epiphenomenal dependent variable (Archer:1996:97). Similar difficulties and methods of resolution are evident in the 'parallel' social domain between structure and agency which have tended to overshadow the analysis of the cultural domain. Archer argues that the elevation of cultural analysis to parity with structural analysis promises to reveal how the two domains intersect whilst simultaneously unifying conceptual and theoretical problems and solutions.

The principal requirement of the theoretical framework is to reconcile theoretical approaches concerning the dual domains of 'interests' and 'ideas'. The detail of the theoretical framework requires synthesis of principal constructs from a variety of models resulting in a high degree of complexity intimately linking the environment, 'national' culture, industrial culture (institutional context), expectations and outcomes, everyday processes and

actions. The assumed relationship between these variables would be one of interdetermination. It is proposed here that the framework in the context of Hong Kong should be based upon the idea of 'networks', as a general category of co-ordination encompassing 'markets' and 'hierarchies' as well as informal inter-organisational networks (Thompson et al.:1991:18) and upon non-linear models of strategy (Chaffee:1985), drawing upon a model of cultural influences on organisations proposed by Johnson (1992) and adapted for conditions in Hong Kong.

Within Hong Kong, network analysis is particularly appropriate since it is a political economy which is characterised as "network capitalism" and has "institutionalized policies and practices that flow from a network vision of correct market relations" (Biggart and Hamilton:1992: 472); "social relationships are institutionalized" and "changing patrilineal networks of small firms that connect near and distant kin, and frequently friends, into production-and-supply networks" (Biggart and Hamilton: 1992:485) are the norm. The institutional context of the framework in Hong Kong should stress relational networks as the dominant and 'modal' institutional form. Constellations of relatively 'weak' organisations typically form 'strong' relational networks in Hong Kong (Redding:1991). As a result, industrial 'networks' rather than 'organisations' are the most appropriate structures to investigate in the context of Hong Kong business (Chen and Hamilton:1991).

The cultural component within the framework would benefit from inclusion of Parsons and Shil's (1951) formulation of three realms of culture: evaluative

(value orientations), cathectic (affective, emotional) and cognitive (attitudes, beliefs). The depiction of *industrial* culture within the theoretical framework could be based upon J.C Spenders model of 'industrial recipes' (Spender:1989) which has been incorporated into a model of the 'cultural view' of strategic development (Johnson and Scholes:1993:46) along with national, organisational, functional and professional 'frames of reference'. This view also assumes that core cultural assumptions are surrounded, protected and reinforced by a 'cultural web' (Johnson 1992) of 'perceived practices' (Hofstede:1991:181) about everyday action or assumptions about 'the way we do things around here' (Deal and Kennedy:1988:4). The Western origin of these models is a potential source of ethnocentrism so it would appear prudent in the future to promote development of this aspect of the proposed framework by indigenous social scientists.

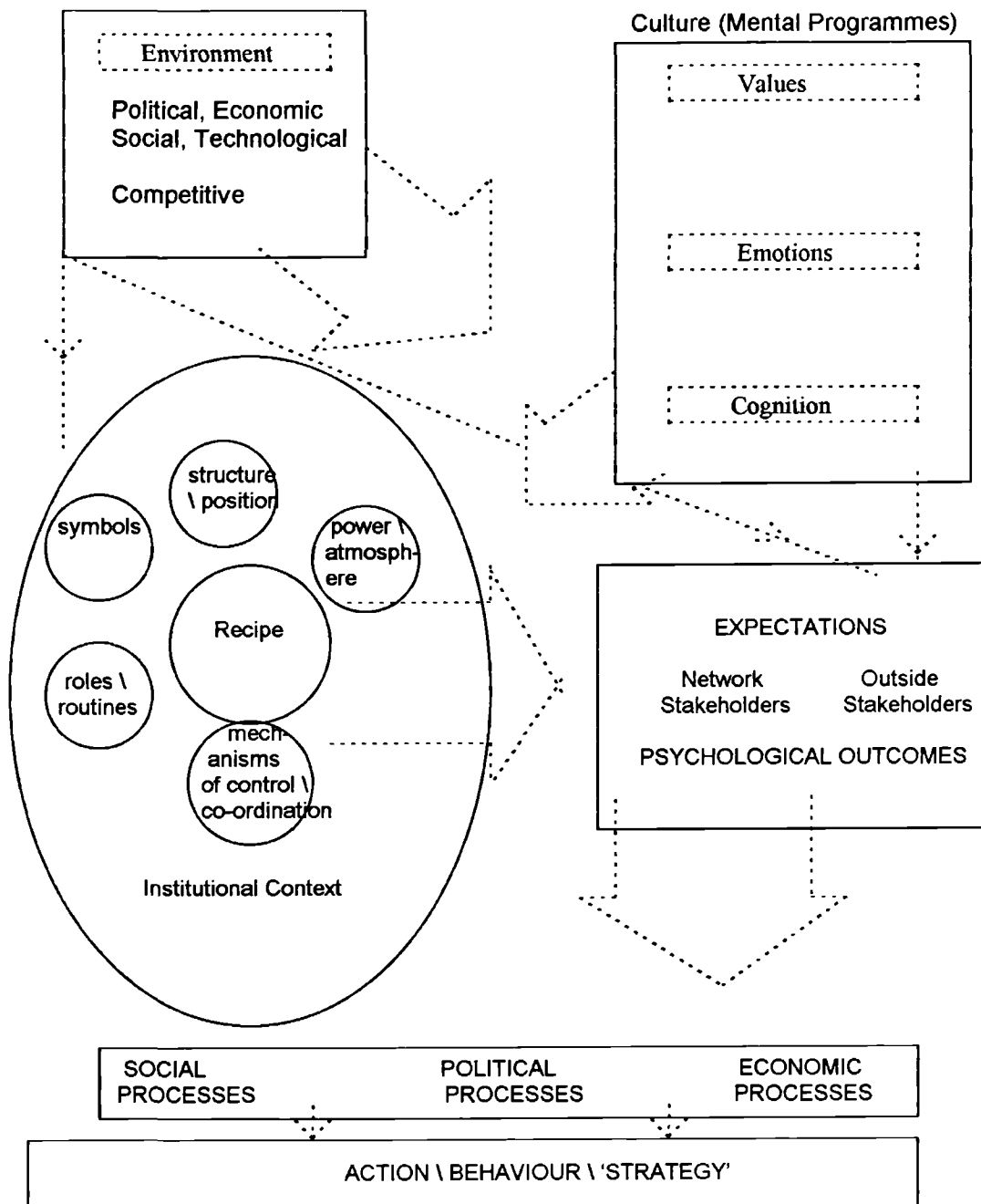
The argument for the synthesis of culture and institutional contexts rejects the validity of neo-classical market-based models. They are considered to be culture-bound by mental programs which are of Anglo-American origin and largely insensitive to the cultural conditions in Hong Kong, or most other Chinese societies. Most Chinese societies are characterised by institutionalised, ordered, networks of social relationships within groups rather than "individual 'rational choice' and competitiveness" (Biggart and Hamilton: 1992:485) and so "the successful network structure of Asian capitalism reveals the neo-classical model to be not a general theory of capitalism, but rather an ethnocentric model developed from Western experience" (Biggart and Hamilton:1992:472).

4.3 GENERAL THEORETICAL FRAMEWORK

The framework has five principal elements; namely the environment, 'national' culture, industrial culture (institutional context), expectations and outcomes, processes and action. The changes and influences in the environment affect action or behaviour after passing through invisible 'cultural filters' at the macro-level and the meso-level and after passing through complex social, political and economic processes. As a result, the assumption is that action is largely a result of processes that are a consequence of a 'reality' or a perception of the environment that is 'socially constructed' through cultural filters.

The framework shown in fig. 4.1 synthesises principal constructs from a variety of models. Influences between the variables are assumed two-way and interrelated but the principal flows of influence are from environment through filters of 'national' culture to industrial culture and on to 'expectations', power and socio-economic processes, and action, strategy and behaviour. The various approaches upon which the synthesised model is based tend to emphasise different constituent aspects with some overlapping foci.

Fig. 4.1: General Theoretical Framework for Culture, Networks and Action



Limitations of the theoretical framework

The framework is limited in that it :-

- a) is an eclectic synthesis of theories originating in the West and as such is a compromise upon a more appropriate indigenous model yet to be developed
- b) is a partial representation of a complex phenomenon which warrants the inclusion of other influences. For example in the portrayal of the 'roots' of culture, the influence of Religion and Art as suggested by Lessem and Neubauer (1994) is not included in the analysis. This is justified on the basis of practicality because the inclusion of all possible influences would render the framework too complex to manage for the purpose of operationalising multi-level research.

Despite these limitations the framework satisfies the essential requirement of including different levels involving several indicators and enables the potential resolution of 'Nadel's Paradox' in accommodating both relational and cultural aspects of role-related behaviour. For the purposes of part 3; namely the development of multi-level empirical analysis of Hong Kong culture, the submission is that the framework is an adequate theoretical foundation.

4.4 SUMMARY AND CONCLUSIONS

By synthesising the *cultural* and *institutional* as well as other subjectivist approaches into a multi-level approach, greater understanding becomes conceivable. This chapter examines the influence of culture at macro and meso-level on business activity in Hong Kong and thus is concerned with the linkages between the 'roots' of the value systems and the 'trunk and branches' of the institutions and ideologies of Hong Kong. A theoretical framework is outlined as constituted by combinations of models which enables sufficient

complexity to identify cultural influences and reflects a general submission that only complex models contain the multiple embedded social, political, economic and other influences inherent in cultural investigation. In chapter 5, the implications for this theoretical framework for organisation and research in Hong Kong are discussed.

CHAPTER 5: METHODOLOGICAL IMPLICATIONS OF THE THEORETICAL FRAMEWORK APPLIED TO HONG KONG

5.1 INTRODUCTION

This chapter discusses the implications of the theoretical framework, developed in chapter 4, for conceptualisation of culture in Hong Kong. This is followed by an analysis of some consequences of the theoretical framework for research operationalisation, data collection and interpretation in part 3.

Commonalties and problems in conceptualisation and operationalisation of culture

Reviews of social psychological methodology in cross-cultural research reveal certain commonalties. The principal problems appear to be in the definition of culture, methodology, sampling and instrumentation, data collection and analysis problems (Sekaran:1983, Nasif et al.:1991). Another issue is the selection of level of analysis (Rousseau:1985) and avoidance of the 'ecological fallacy' (Hofstede:1980) which conflates country-level correlations with individual or group correlations.

Monir Tayeb (1994) comprehensively summarises methodological problems for studies involving culture and organisations under the headings of conceptualisation, operationalisation, data collection and interpretation. Tayeb submits that a:-

"comprehensive approach to studying and understanding organizations and their management styles in inter-cultural, and indeed intra-cultural, settings, would offer a research design which could enable the researchers to examine both emic and etic aspects of organizations and would detect and explore genotypic and phenotypic sides of leader behaviour"

(Tayeb:1994:442).

The reference to 'genotypes' and 'phenotypes' is a recognition of Misumi's (1985) theory which distinguishes the former as core, etic, universal intentions of an action, with the latter with its emic expression in local cultural contexts. Tayeb complains of the conceptual myopia of many studies in their dismissal or ignorance of the considerable difficulties in adequately defining socially-specific concepts and constructs such as 'culture' and 'nation' and the readiness of researchers to conflate these and other terms (Tayeb:1994:432). Poor conceptualisation frequently results in poor operationalisation, inappropriate data collection and often a marginalisation of 'culture' itself, which is supposed to be the central construct under investigation (Tayeb:1994:443). It follows that Tayeb finds that the imperfection and amateurism pervading cross-cultural studies affects the quality of findings and interpretation and posits that the progress which has been made should be built upon by more meticulous, careful and coherent work (Tayeb:1994:444).

In an indictment of organisational science, Boyacigiller and Adler (1991) find that the cultural values of the United States underlie and have fundamentally framed 'parochial' management research. This is a re-iteration of an earlier accusation against cross-cultural management during the 1970's in United States management journals, which was regarded as lacking a cosmopolitan perspective (Adler:1983). One outcome of the parochialism of management research is the emphasis it places upon internal validity and the lack of concern for external validity. This "is to assume that theories apply irrespective of context" (Boyacigiller and Adler :1991: 269) in international studies where context is important. The outcome is a continued domination of the "cherished

paradigm” of science (Adler:1983:231) which Kuhn (1962) identified – as hegemonic within the academic community. The products of this myopia are the hegemony of American logical empiricism, a quantitative parochialism and a ritualistic reputational control in publishing research which limits itself to ‘knowledge production’ (Boyacigiller and Adler :1991: 270) rather than understanding of problems within cross-cultural research. As a result, ‘conceptualisation’ in management theory, including cultural conceptualisation itself, appears culture-bound within the sub-culture of ‘rigorous’ scientific positivism.

Multi-level conceptualisation and operationalisation of culture

Conceptualisation requires explicit reflection upon our own cultural influences (Boyacigiller and Adler:1991:278). The first difficulty in conceptualising culture is, therefore, the requirement to reflect upon the influence of the underlying assumptions of our own culture upon its conceptualisation. As we have seen in chapter 4, the distinction between *constitutive* cultural forms (involving categories, typifications, scripts and other ‘sense-making’ cognitive mechanisms) and forms that are predominantly *regulatory* (involving norms, values, routines) (DiMaggio:1994:27) is in the relationship between culture and economy. The complex *constitutive* approaches appear compatible with ‘multidimensional’ conceptualisations and subjectivist approaches to investigation, whilst simpler *regulatory* approaches are consonant with ‘unidimensional’ conceptualisations and with objectivism. The assumption of culture and economy as mutually generative sits more comfortably with assumptions of voluntarism, nominalism, ideographic and anti-positivist

techniques. In contrast, the assumption of culture and economy as analytically distinct sits more comfortably with assumptions of determinism, realism, nomothetic and positivist techniques. The privilege afforded to *regulatory*, 'unidimensional' approaches and objectivist research prescriptions is a reflection of Western 'modernist' culture and its associated history of philosophy and scientific development.

Multi-level and cross-level research has previously been recommended (Mossholder and Bedeian: 1983, Rousseau: 1985, Rieger and Wong-Rieger: 1988). These prescriptions, however, often suffer from epistemological and methodological contradictions in that they appear to resort to purely logical empiricist solutions to this multi-level and holistic complexity. However, the conceptualisation of culture in this thesis assumes it to be a multi-level phenomena; namely societal, institutional, task, organisational and interactional levels of analysis (Negandhi:1983). This has resulted in the development of a theoretical framework which assumes that *different approaches, using different underlying assumptions, are appropriate at different levels of analysis*. It adheres to the assumption of compatibility of approaches which are, therefore, regarded as complementary and rejects the restrictions of 'paradigm incommensurability'. It reflects an 'open systems' approach which regards systems as self-organising, 'conscious' inventive and intelligent (Jantsch:1980, Capra:1982, Broekstra:1996). It is consonant with a general systems approach, which recognise multi-level, holistic living systems and proposes to examine patterns of relationships within and between them (Negandhi:1983).

This conceptualisation fits more comfortably with Eastern culture and thought, which stresses the holism, circular chains of interdetermination, change, *balance, inclusiveness and the 'connected continuity of everything'* at different levels of complexity. It fits less comfortably with modernist, Anglo-Saxon or Western thought, which prefers structured 'scientific' categorisation (Maruyama:1980). The similarities between Chinese thought and General Systems Theory are identified by Capra (1982) who sees the emphasis of the interrelatedness and interdependence of multi-level, holistic phenomena from a broad 'ecological' view. Capra argues that the "relation between modern systems theory and ancient Chinese thought now becomes apparent. The Chinese sages seem to have recognised the basic polarity that is characteristic of living systems" (Capra:1982:27). Capra describes open systems as integrated, dynamic wholes whose parts are involved in simultaneous and mutually interdependent interactions of relationships, or "transaction" (Capra: 1982:287). The 'mechanistic' reductionism of Cartesian science is regarded as incapable of dealing with the complex processes involved. However, mechanistic analysis is valid for examining more specialised, secondary and less complex aspects of the whole. Therefore "Reductionism and holism, analysis and synthesis, are complementary approaches" (Capra:1982:288). As a result, the open systems approach provides the basis for the potential synthesis of positivism and anti-positivism.

Systems as growing, internally flexible and adaptive entities are regarded as 'self-organising' in their ability for 'self renewal' in maintenance of parts and

whole, and 'self-transcendent' in their 'conscious' ability to learn and evolve (Capra:1982:290). The outcome is to regard free will (voluntarism) and determinism as relative concepts within human nature. Systems are related to their environment by a constant process of interaction and exchange of energy and matter. This results in a dynamic nonequilibrium or "homeostasis" (Capra:1982:290), stabilised through the adaptive processes of self-organisation. As a result, the systems approach provides the basis for the potential synthesis of determinist and voluntarist assumptions about human nature.

The integrative and co-operative emphasis of systems organisation and the relations between organisms and their environment can best be described using the concept of "stratified order" (Capra:1982:303). Living systems tend to form multi-level structures of varying complexity and at each level we encounter systems which constitute integrated, holistic phenomena in their own right. At the same time, these systems are regarded as constituting sub-systems of systems of higher levels of complexity. This multi-level, interconnected and interdependent phenomena is represented by Capra, as it is by Lessem and Neubauer (1994), in the form of a "systems tree" (Capra:1982:303).

The theoretical framework in the context of Hong Kong is depicted in fig. 5.1. In terms of the *constitutive* and *regulatory* distinction, it provides a synthesis in combining categories, typifications and scripts with norms, values and routines. In terms of a general systems approach, it satisfies the need to incorporate

different levels or layers of analysis. In other words, the framework provides the desirable potential for synthesis of analyses of complex phenomena at macro and micro levels (Roberts:1970:346, Sekaran:1983:68) as well as accommodating influence at the 'meso' level. The aim is to establish the consistencies between the 'roots','trunk and branches' and 'leaves' of the metaphorical cultural tree.

5.2 THEORETICAL FRAMEWORK FOR CULTURE, NETWORKS AND ACTION IN HONG KONG

The theoretical framework, shown in fig.5.1 below, suggests that in Hong Kong networks are the principal co-ordinative form of institution. These networks are regarded as 'self-organising' systems with a capacity for 'self-renewal' and for 'self-transcendence' (Capra:1982:290). Such networks are based upon informal, relational structures within family and clan. A product of this phenomenon is the particularly appropriate nature of network analysis in Hong Kong and within the "Chinese Commonwealth" (Kao:1995:274). The Overseas Chinese entrepreneurial milieu, which is characterised as 'network capitalism', has "institutionalized policies and practices that flow from a network vision of correct market relations" (Biggart and Hamilton:1992:472). Within this relational structure "social relationships are institutionalized" resulting in "changing patrilineal networks of small firms that connect near and distant kin and, frequently friends, into production-and-supply networks" (Biggart and Hamilton:1992 :485) that are the norm.

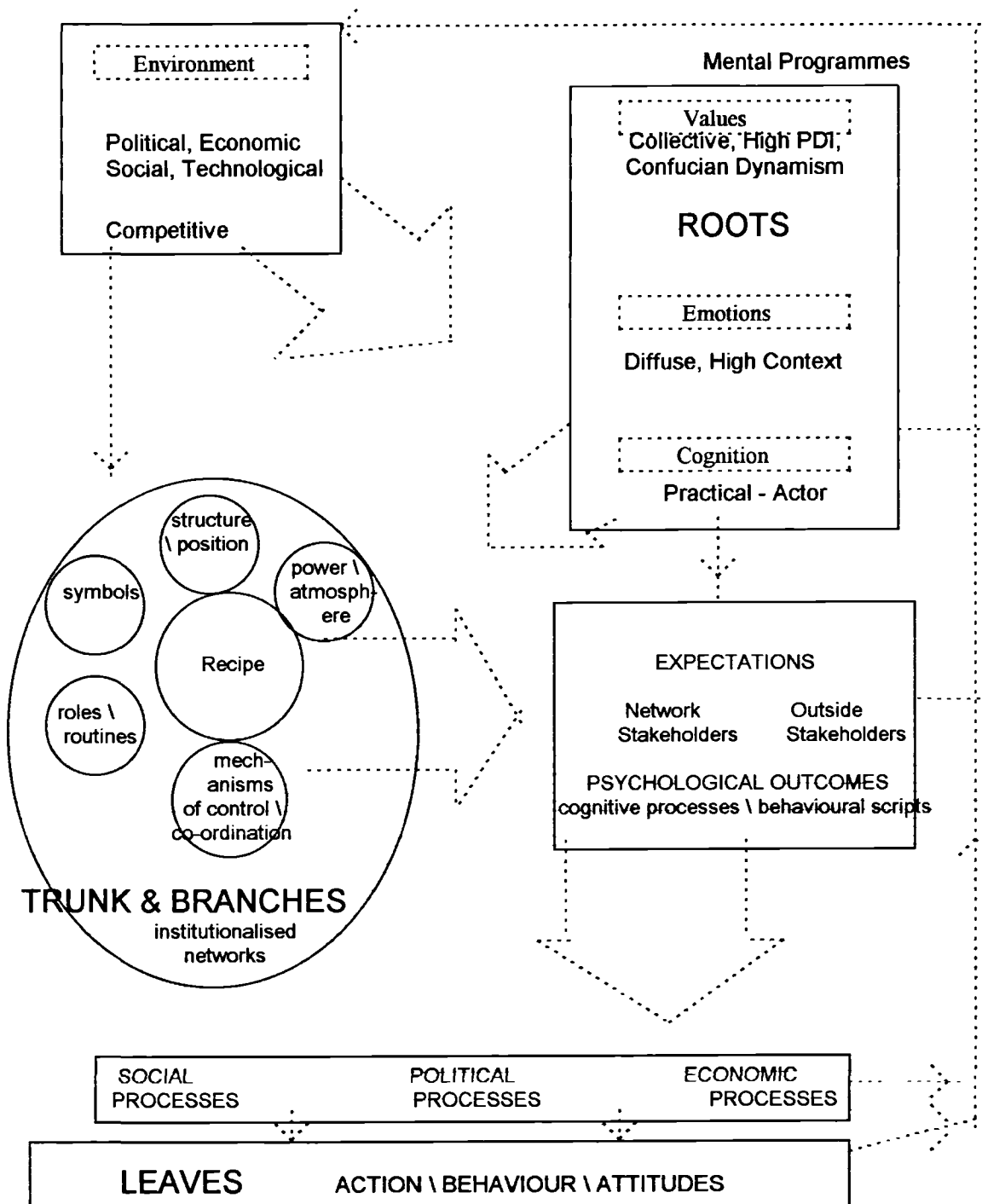
The theoretical framework in the context of Hong Kong networks assumes a considerable multi-level complexity of interacting influences. These include the environment, mental programmes, institutionalised networks in terms of industrial culture and the social, political and economic processes that result. The consequences are extensive, but the main effect is to question the validity of simplistic and ethnocentric models which are culture-bound to the Western milieu.

Consistency of the cultural tree with the theoretical framework

The framework is compatible with the approach constructed to describe the “layered cultural reality” (Lessem and Neubauer:1994:11) of European Management Systems. The metaphorical ‘cultural tree’ approach shows “organically connected” (Lessem and Neubauer: 1994:10) cultural levels within multi-level systems.

The tree employed in this thesis and shown in fig. 3.7 in chapter 3 (page 265), is a modified configuration of Lessem and Neubauer’s (1994) original metaphor. The parts of the tree include the ‘leaves’ depicting surface attributes and attitudes, the ‘trunk and branches’ portraying models, institutions and ideas and the ‘roots’ representing the deeper cultural influences involving ideational structures. Similarly, in the theoretical framework, the mental programmes are akin to the ‘roots’, institutionalised networks and expectations reflect the ‘trunk and branches’, and everyday attitudes and action represent the ‘leaves’.

Fig 5.1: Theoretical Framework for Culture, Networks and Action in Hong Kong



The tree metaphor is complemented by the theoretical framework and has served, within this thesis, to orient the discussion at different levels of analysis. The validity of such a use of metaphors in organisational analysis is provided by Grant and Osrick (1996). Used outside 'scientific rigour', metaphors can be "liberating" (Grant and Osrick :1996:3) interpretive devices, particularly in providing investigative perspectives on complex phenomena. The cultural 'tree', as used in this thesis, is a "live metaphor" (Grant and Osrick :1996:9) which requires context and interpretive creativity. It is employed in a "deductive approach" (Grant and Osrick :1996:10) in order to liberate an explanation of Hong Kong culture as a complex, holistic, multi-level, multidimensional and 'living' phenomenon. It is the focus of theoretical validation of the empirical analysis in part 3, along with Archer's (1996) morphogenic systems approach with which it is compatible.

5.3 MULTI-LEVEL CONSEQUENCES FOR RESEARCH OPERATIONALISATION

A hierarchy of models of co-ordination

The network approach has been described as an alternative to classical market and bureaucracy approaches toward 'models of co-ordination' (Thompson et al.:1991). It commonly focuses upon co-operative, long-term relationships and strategic alliances between firms which serve to improve strategic performance (Jarillo:1988, Bartlett and Ghoshal:1988, Thorelli:1990). The network concept is consonant with 'open', adaptive and inventive, 'conscious' or evolutionary systems thinking (Broekstra:1996). The network form of organisation may be seen as the highest level of complexity, in a hierarchy of structural complexity,

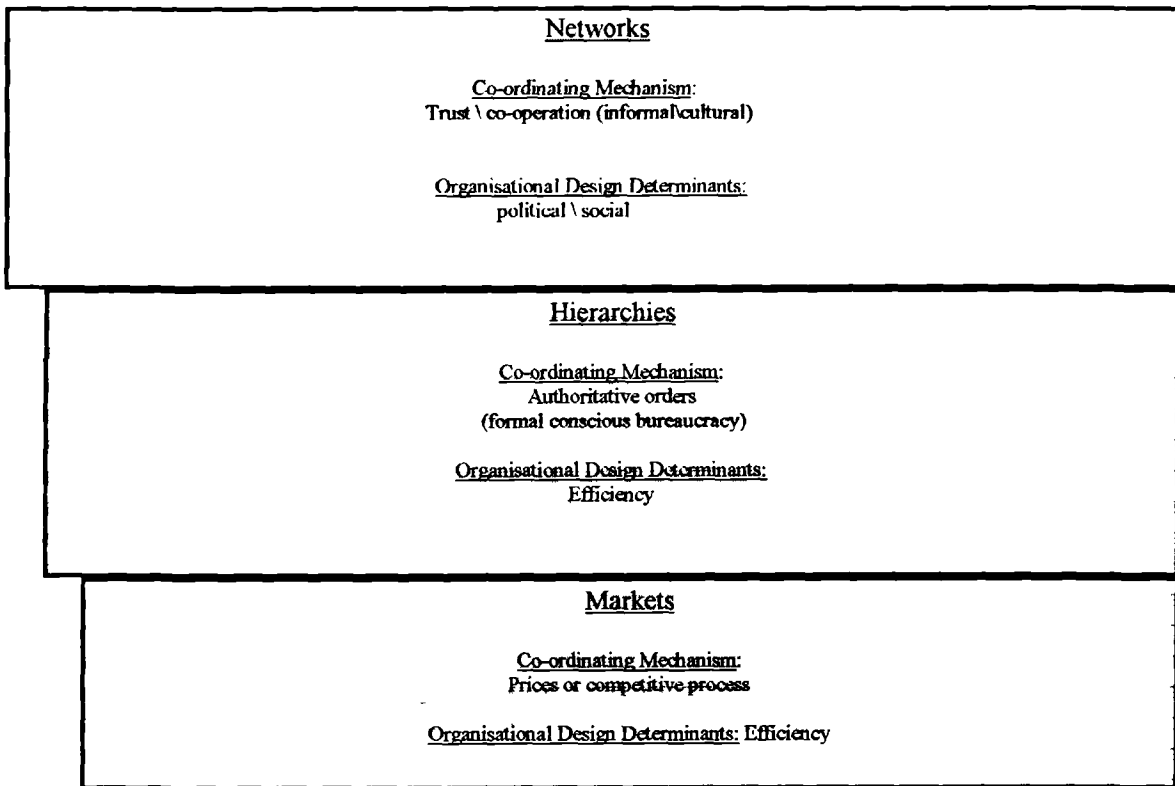
which encompasses simpler forms such as 'functional' and 'divisional' organisation (Broekstra:1996:58). The network approach overcomes the deficiency of simpler models of co-ordination, such as 'markets' and 'hierarchies', with their neglect of informal co-ordinating mechanisms. It emphasises different mechanisms since "If it is price competition that is the central co-ordinating mechanism of the market and administrative orders that of hierarchy, then it is trust and co-operation that centrally articulates networks" (Thompson et al:1991:15). In this view, networks are not something that lie 'between' markets and hierarchies, as proposed by Thorelli (1990), but are an alternative model or, more credibly, an encompassing perspective, of which markets and hierarchies form general constituent categories. As a result, we can delineate three common network forms; namely the 'De Facto Market', the 'Contract-Based Alliance' and the 'Integrated Clan' (Sekaran and Snodgrass:1990:96).

The assumption here is that market, hierarchy and network institutional 'models of co-ordination' are complementary within an 'open' systems framework. As a result markets, hierarchies and networks may be regarded as interrelated levels of hierarchical systems (Boulding:1956) in a 'hierarchy of co-ordination', presented in fig.5.2, with networks corresponding to Boulding's higher 'cultural set' which subsumes the levels beneath it. This is not a hierarchy in the conventional sense of a set of discrete steps as it implies that the broader, more complex, higher level encompasses the level(s) below. Within such a hierarchy, all organisations may be seen as networks so "to say an organisation has a network form is a tautology even if the advantage is to get

us beyond the markets-and-bureaucracy distinction.” (Nohria:1992:12). Network analysts generally reject the individualistic, atomistic, rational-actor assumptions generally inherent in the market and bureaucracy models. Network analysis incorporates the “social contexts within which the social actor is embedded” (Knoke and Kuklinski:1991:173). Network analysis thus emphasises the collective existence of the actor. It focuses upon the context of his relationships with other actors in analysing the effectiveness of social, political and economic coordinative activity, rather than just the short-term economic contractual transactions between them.

The result is a very different type of organisational analysis which sees relational interaction between actors as the principal concern for investigation. Consequently the conceptions of ‘environment’, ‘organisational boundaries’ and ‘structure’, ‘effectiveness’, ‘planning’ and ‘management’ are very different from those of the “strategy management doctrine” generally adopted by classical market or bureaucracy-based analysis (Hakansson and Snehota:1990). Network analysis can, therefore, provide an approach which facilitates all of the principal elements of the theoretical framework and, as such, is an approach that is more contextual, comprehensive, flexible, coherent and appropriate than market or bureaucracy-based models whose advantages it subsumes. In probing Chinese Family Business Networks and other ‘invisible’ relational business structures in East and Southeast Asia, the network approach promises to provide an enrichment of our understanding of these phenomena (Prasad and Ghauri:1995).

Fig. 5.2: Hierarchy of Co-ordination



A hierarchy of strategy

The 'hierarchy of strategy' model (Chaffee:1985) shown (below) in fig. 5.3 has similar characteristics to the 'hierarchy of co-ordination's shown (above) in fig. 5.2. Higher levels in the hierarchy subsume the less complex preceding levels, corresponding to Boulding's (1956) 'hierarchy of systems' and:-

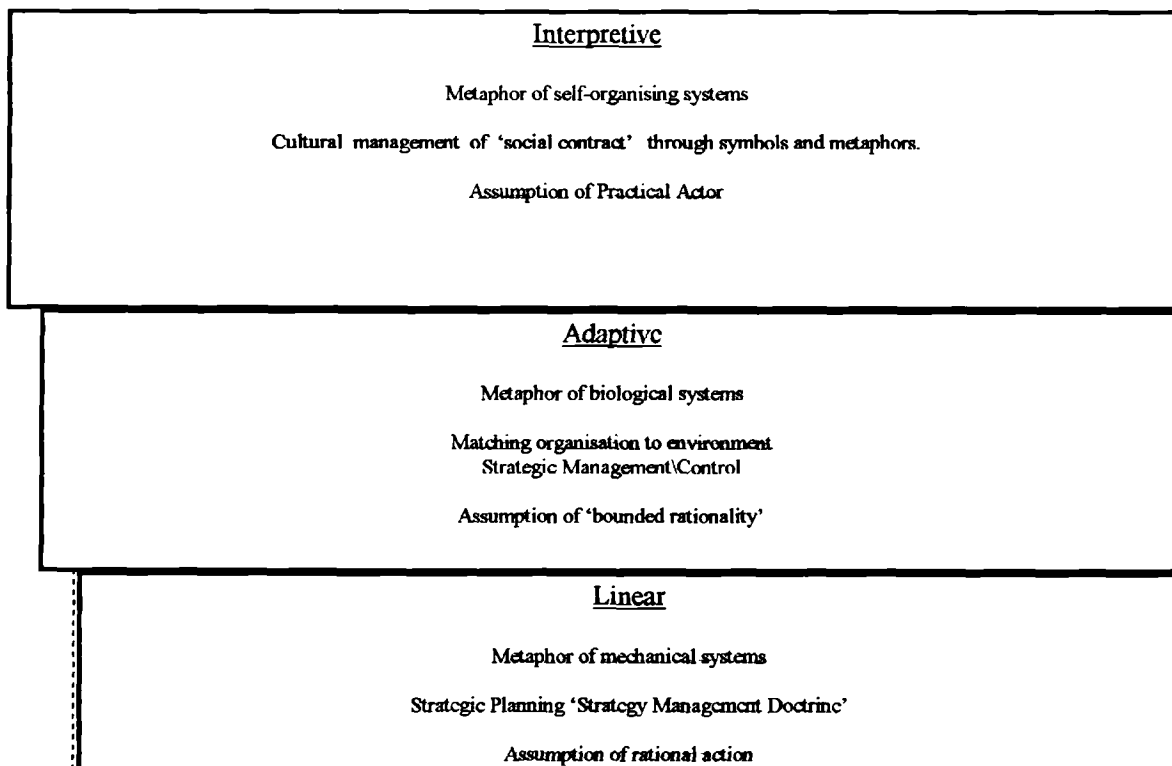
"Each of the three models may be summarised briefly. In linear strategy, leaders of the organisation plan how they will deal with competitors to achieve their organisation's goals. In adaptive strategy, the organisation and its parts change proactively or reactively, in order to be aligned with consumer preferences. In interpretive strategy, organisational representatives convey meanings that are intended to motivate stakeholders in ways that favour the organisation. Each model provides a way of describing a certain aspect of organisational functioning to which the term *strategy* has been applied."

(Chaffee.1985.94).

The three perspectives of successive complexity within each level of the hierarchy subsume preceding levels and represent three approaches which

have each tended to abandon, denigrate and ignore rather than incorporate each other. Such epistemological cleavages are not uncommon amongst academics, but the open systems approach allows for complementary approaches. The submission here is that the potential advantages from synthesising and integrating " each lower model with models that represent more complex systems" (Chaffee:1985:96) are considerable in the context of Hong Kong.

Fig. 5.3: Hierarchy of Strategy
(adapted from Chaffee : 1985)



To achieve this, it is appropriate to construct empirical research which is interpretable at all three levels of complexity. In other words, it is proposed here that empirical examinations need to be 'agnostic' towards the three levels of approach so that the results can be subsequently interpreted by 'switching'

to the level whose complexity most appropriately corresponds to the actor's own subjective interpretation of 'reality'. Analysis of respondents' perspectives needs, therefore, to include an assumption of voluntarism. The research logic to avoid is that which involves constructing hypotheses rooted in one of the three levels of the hierarchy and concomitant ideology.

For example, in describing the role of price in business, the respondent may present a view which is compatible with a transactional 'market' perspective at one extreme, or a relationship 'network' perspective at the other. The analysis needs to be sufficiently flexible to regard the entire array of perspectives as legitimate, without the need to be constrained by any one particular doctrine, if we are to enhance understanding of the many perceived roles of price.

The advantage of this synthetic approach is to improve the richness of our understanding of the three perspectives combined so that we can simultaneously improve each approach and examine properties that organisations exhibit at each level of system complexity, whilst also attempting to improve our understanding of the *Gestalt* or wholeness of business behaviour in different contexts.

Despite the proposition that each of the successive layers in the hierarchy have a legitimate place in our analysis of Hong Kong and other 'Confucian Dynamic' societies, it should be emphasised that this hierarchy purposely privileges the higher complex perspectives over the 'linear' planning or strategy management doctrine which has been shown to be largely absent in Hong Kong (Warrington:1982). The argument proposed here, is that linear strategic

perspectives are less valid in Hong Kong than the more complex higher levels of 'adaptive' and 'interpretive' perspectives for much the same reason that the 'market' model is less appropriate than 'networks' in the hierarchy of co-ordination. Both 'markets' and 'linearity' are culture-bound in Anglo-American ethnocentrism along with assumptions of rational action, economic reductionism and the ignorance of cultural, social and political embeddedness.

Cultural influences cannot be ignored in a collectivist society like Hong Kong as it has been in the individualistic Anglo-Saxon countries. As a collective mental program, culture will invariably be more influential in collectivistic societies than in individualistic societies. For this reason, it is appropriate to regard the main flow of influences in more collectivist 'cultural' societies as starting from 'collective' culture and continuing through to 'individual' psychology and behaviour.

The main implication of the propositions presented here is that the complexity involved in the inclusion of culture into the analysis of Hong Kong business networks means that interdisciplinary and intercultural research becomes increasingly important if social scientists as, in Hofstede's (Hofstede:1984:15) terms, 'blind men' are to see the metaphorical 'elephant' more clearly. The failure of social scientists to co-operate restrains the development of social science generally and one of the main attractions of the apparent arrival of 'postmodernism' in social science is the potential afforded to co-operation by the healthy scrutiny of the underlying ideology of all of our structuralist 'subjects' and so-called 'disciplines'. The complexity assumed also requires the

rationalist, scientific approach epitomised in the 'strategy management doctrine', the organisational perspective and the normative market assumption of the neo-classicists to be relegated to the simplest level of complexity and to reflect its Anglo-Saxon cultural origins rather than any universally exportable 'reality'. Such simple quantitative approaches alone are unlikely to enhance our understanding beyond the lowest level of complexity. The positivism that pervades the scientific paradigm is an obstacle to understanding the complexities at the higher levels.

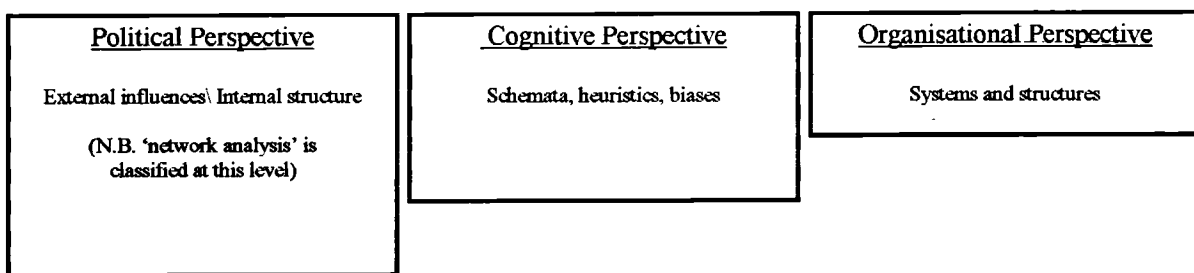
The complexity finally requires us to address the problem of Nadel's Paradox which identifies that roles have both cultural and relational aspects (DiMaggio:1992). It encourages a more comprehensive view of the influence of cultural values, emotional influences and cognitive processes along with their interaction with individual psychology, social, political and economic processes plus associated structural issues. This is a 'tall order' and, perhaps, may be constructively regarded as an opportunity rather than a threat in order to facilitate the escape from our disciplinary cages and embrace an interdisciplinary and intercultural future.

Consequences of the framework; methodological implications

If we are to challenge the supposition of rational action in determining strategic decisions it follows that it is prudent to use research approaches within different perspectives. To this end the classification, shown in fig. 5.4, by Schwenk (1989) is helpful in identifying three approaches to research. The submission here is that these methodologies, used within an 'open' systems

framework, can be considered to be complementary. This justifies the eclectic borrowing of ideas across paradigms, methodologies and disciplines for both conceptualising and operationalising analysis of culture as a multidimensional and multi-level phenomenon.

Fig. 5.4 : Research Approaches
(Schwenk:1989)



The suggestion by Schwenk that these three approaches “can be combined to deal with the full complexity of strategic decisions and the strategic change process” (Schwenk:1989:177) is particularly resonant in the context of Hong Kong. It can be argued that the tendency has been for social science to privilege the ‘culture-free’ approach. This largely assumes a ‘rational-actor’ perspective focusing on individuals who are usually assumed to be autonomous, calculative, goal-driven, utility-maximisers wherein culture is denied, ignored or marginalised as an epiphenomenon. Those who regret the denigration of the ‘culture-bound’ approach seek a paradigm that can liberate the insights that a cultural approach promises. One of the most promising approaches advocated for dynamic systems is the Practical Actor Model (DiMaggio and Powell:1991:22).

DiMaggio's 'practical action'

The Practical Actor model derives from a mix of cognitive psychology, ethnomethodology, social constructionism and contemporary theory whilst bearing affinity to the Carnegie Tradition and Neo-institutional theory within organisational sociology. In examining the structuration of intraorganisational networks, the three features emphasised are "positions in relational networks, positions in the formal role system and culturally embedded attributes of members outside the formal role system." (DiMaggio:1992:131) reflecting a proposition that "much about organisations can be understood as a consequence of the interaction of three factors: the organisation's relational network, the distribution of attributes, and the formal organisational structure." (DiMaggio:1992:132). The submission in this thesis is that a similar combination of structural 'position' and culturally embedded 'attributes and attitudes' is desirable for analyses of interorganisational networks and for the resolution of 'Nadel's Paradox'. Such analyses should also encompass examination of the interaction of formal and informal structures if a fuller understanding is to be achieved. As a consequence, the:-

"proposed strategy is to treat normatively and relationally defined roles not as analytic alternatives between which researchers may choose, but as disjunctive aspects of actors' social and cognitive environments. Such a strategy highlights the extent to which action is driven concomitantly by social relations and by social typifications : by the empirical dispersion of concrete ties, which rarely conform neatly to well-defined role labels, and by the scripts and schema that people employ in ordering the social world"

(DiMaggio:1992:138).

The problem in examining 'practical action' has been to find appropriate research methods which can cope with an analytical dualism involving structure and culture, which are sufficiently flexible to deal with the

interpenetrative and interacting processes between structure and culture. The most sensible approach, in the short term, seems to be to assess existing methodologies for their suitability and to begin a debate about possibilities for developing, in the long term, new techniques, ideally developed by indigenous social scientists from the cultures under scrutiny, to plug the gap in our existing 'toolkit' of methods.

Recognition of the need for indigenous theory has been established (Atal: 1981, Loubser: 1988, Sanda: 1988, Gareau: 1988, Park: 1988, Akiwowo:1988, Alatas:1993, 1995), but the development of indigenous theory is embryonic and the 'polycentric' work of Michael Bond and *The Chinese Culture Connection* (1987) is a rare example of co-operation between Western and Chinese scholars.

5.4 DATA COLLECTION AND INTERPRETATION

The method of data collection and form of interpretation for each of the levels of 'roots', 'trunk and branches', and 'leaves' was selected pragmatically in this thesis. The different methods were chosen as a result of decisions about their suitability for explanation and enhancement of understanding of the level under consideration. As a result, the 'roots' are examined by a method which may be classified as 'functionalist', with underlying objectivist assumptions. The 'leaves' are examined by a method that borders the distinction between 'functionalist' and 'interpretivist' approaches and, as such, is influenced by both objectivist and subjectivist assumptions. The 'trunk and branches' are explored mainly through the construction of the theoretical framework, but the

institutional classification of markets, hierarchies and networks also serves as a vehicle to organise the interpretation of the information gathered in the 'leaves' study. The principal objective is to identify consistencies between the 'root' values, the 'trunk and branch' family business networks and the 'leaves' of everyday trust-based relationships, attitudes and behaviour.

Rationale

The motive for choosing this methodology is to make progress towards a better understanding of the whole 'tree'. As a result the methods chosen for the examination of the parts of the tree concern practical issues, rather than any rigid adherence to epistemological, ontological or methodological assumptions. In other words, the methods chosen for the examination of each level of the tree were as a result of pragmatic decisions about access to information, resources required and time available.

These methods were not chosen because of any prior commitment to their underlying epistemological, ontological or methodological assumptions. They were chosen because they could satisfy the requirements of the underlying agenda; namely their contribution toward explaining and a better understanding of the whole 'cultural tree'.

Roots

Hofstede's 4-D study is adopted, in chapter 6, as an appropriate perspective to examine the 'roots' of Hong Kong culture. Hofstede's study is chosen for practical reasons, such as the access available to the researcher to IBM in

Hong Kong and the UK Hofstede's study is chosen for the ultimate purpose of using it as a perspective of the 'roots' or ideational structure of Hong Kong. This perspective is required if consistencies between roots, trunk and branches and leaves are to be identified and an enhanced understanding of Hong Kong's cultural tree is to be achieved.

A replication of the 4-D study is conducted in Hong Kong and the UK to determine its contemporary validity. The value system of Hong Kong is used, in Archer's (1996) terms, as a vehicle to gauge the macro-level 'structure of ideas' for subsequent identification of consistencies between this structure and the micro-level processes of socio-cultural integration amongst agents. The results of the replication show relative stability in phenomenological values as defined by Hofstede. The effect is to confirm Hong Kong as characterised by a hybridised 'crossvergence' of Western and Confucian values. The replication serves to validate Hofstede's model in order to provide a foundation for this study by characterising 'root' values which are then examined for consistencies with 'trunk and branch' institutions and the 'leaves' of everyday attitudes and behaviour.

Senior managers at IBM in Hong Kong and The UK were contacted in the early part of 1993 and agreed to participate in a replication of Hofstede's 4-D study. The replication involved using the VSM (Values Survey Module), recommended for future cross-cultural survey studies and provided by Hofstede in the appendix of "Culture's Consequences" (Hofstede:1980, 1984). This contains the questions which proved most meaningful in 'ecological' differentiation in

addition to new questions covering issues which were not contained in the original questionnaires used to collect data during 1969. Means were calculated for each variable to compare with previous scores. The interpretation of the data and calculation of the dimensions of Individualism-Collectivism, Power Distance and Masculinity-Femininity were achieved using Hofstede's (1982) 'scoring guide' and Huo and Randall's (1991) advice for adjustment of the scores for age and other demographic influences.

Leaves, Trunk and Branches

The practical and everyday consequences or the 'leaves' of everyday activity are examined empirically, in chapter 8, using multiple case research methodology. Yin's (1994) approach and definitions of research case study have been adopted. The purpose of the study is to validate a multi-level conceptualisation of culture through methodological or analytical generalisation rather than statistical generalisation. Such methodological generalisation is most appropriate, as in this thesis, when examining complex phenomena in real-life contexts. Research case methodology was considered the most appropriate method of analysis to accommodate the complex phenomena and contextual variables involved. In order to employ case studies as a *research strategy*, a set of prespecified procedures involving research design, implementation and analysis (Yin:1994) are followed. These outcome is that the 'leaves' of everyday attitudes and behaviour are shown to be consistent within the 'trunk and branch' structure of a networked society, and to be

compatible with the 'roots' of collective, co-operative, traditional and neo-Confucian values.

5.5 SUMMARY AND CONCLUSIONS

In this chapter, the methodological implications for Hong Kong of the theoretical framework, developed in chapter 4, are discussed. The outcome is the submission that conceptualisation of culture in Hong Kong requires the establishment of a complex, multi-levelled definition. The argument that results is that different concepts, approaches and methods are complementary in that they are differentially appropriate at different levels. This means that a multi-levelled analysis of Hong Kong culture needs to be eclectic in selecting methods of analysis. This, in turn, requires the simultaneous adoption of elements approaches from different paradigms and, therefore, requires the rejection of Burrell and Morgan's (1979) dictum of 'incommensurability'.

The theoretical framework in the context of Hong Kong places 'networks' as the central co-ordinating mechanism within the 'trunk and branches' which distinguishes the Hong Kong 'tree' from its Western counterparts. The consequences for operationalisation of research are discussed in terms of the need to adopt an eclectic, synthetic and complementary approach to 'strategy' models and research approaches. The implications of the multi-level synthesis are then discussed for data collection and interpretation. The rationale described forms the basis for the empirical investigations in Part 3 of the 'roots' and 'leaves' of Hong Kong's cultural tree.

The empirical studies conducted within Hong Kong and reported in Part 3, explore linkages between what Archer (1996) has called the Cultural System and its 'interplay' with two aspects of agency; namely 'Socio-Cultural integration' and 'Social integration' in the context of the social structure. This requires, in DiMaggio's (1994) terms, examination of *constitutive* approaches which are compatible with subjectivism along with simpler *regulatory* approaches, more consonant with objectivism. The focus upon the Cultural System or the 'ideational structure' involves a replication of Hofstede's (1980) study in Hong Kong (in relation to the UK) which is a quite narrow study of *part* of the Cultural System (phenomenological, etic values). The intention is to examine linkages between this aspect of the Cultural System with *elements* of interacting agency in the *Lebenswelt* using *constitutive* approaches in the context of the social structure. Put another way, the intention is to investigate connections and consistencies between the 'roots' and the 'trunk', 'branches' and 'leaves' of Lessem and Neubauer's (1994) intercultural management 'tree' in the context of Hong Kong.

Culture and Organisation in Hong Kong : **A Multi-level Investigation**

Part 3: The Empirical Studies

Introduction to Part 3

The review of the literature at two levels in part 1, using a 'hierarchy of complexity' determining a typology of approaches towards cultural theorising and research operationalisation, reveals emergent multi-dimensional theoretical conceptualisations establishing the heritage of a multi-level and multidimensional approach to cultural study

At both levels. At the top of the 'hierarchy of complexity' at each level, the complementarity between functionalism and interpretivism and the synergy's from their synthesis are recognised. The argument for the synthesis of the two paradigms and the rejection of the dictum of paradigm incommensurability (Burrell and Morgan:1979), is forwarded. The area for optimal synergy's and for the greatest complementarity appears particularly within transition zone between paradigms amongst complex, multi-dimensional conceptualisations with multi-level operationalisation research agendas

Archer's (1996) and Lessem and Neubauer's (1994) 'cultural tree' have been identified as topping their respective hierarchies of complexities as they represent the most accomplished multidimensional conceptualisations

accompanied by multi-level research agendas. Research operationalisation is not as developed as conceptualisation for these theories which require further theoretical validation through empirical evidence. This leads to the identification of the need to develop such a research operationalisation which can do justice to such multidimensional conceptualisations. Towards this end a theoretical framework is developed in part 2 which borrows eclectically from within the theories discussed in part 1.

The central problem in exploring culture is, therefore, engaging the complexities involved through some form of simplification. There is a dual danger of over simplification and 'under' simplification. Over simplification renders the analysis irrelevant as the results do not approximate to the nature of the phenomenon. 'Under' simplification renders the analysis irrelevant as the results are too complex to be able to be described within the limits of any thesis. The objective, consequently is to find a balance between these two potential sources of irrelevance.

Culture is conceived of as multi-levelled and a domain of 'ideas' co-determined with a parallel domain of 'interests'. Within each level, it is assumed, there are multiple indicators which are differentially accessible through different methodologies and paradigms. The central decisions to be made, therefore, are:-

- a) which indicators (and what methods) to employ to examine each level.
- b) how to interpret the results obtained at each level in terms of the relationship between levels or how to determine the correspondence between results at different levels.
- c) how to differentiate between 'interests' and 'ideas' given the assumption that these domains are only theoretically distinguishable.

The main submission is that there are many options available for resolving these issues. It is assumed that no 'one best way' of exploring the complexities of cultural analysis exists and it is recognised that the methods chosen have both advantages and disadvantages.

The immediate problem has been identified in parts 1 and 2 in terms of the difficulties of equating the macro-level structural elements of culture or the 'structure of ideas' within a culture, with the micro-level activities of cultural agents or 'socio-cultural integration' (Archer:1996). The 'problem within a problem' is that we are also interested in the interplay between this ideational or 'cultural' domain and the political economy domain of 'interests'. The complexities involved make it prudent to focus upon a *partial* examination of the complex problems outlined. Therefore, the study is restricted to examining part of the 'structure of ideas' in Hong Kong, along with aspects of 'cultural agency' and elements of the domain of 'interests', in order to uncover linkages and consistencies between them. The levels of analysis correspond in metaphorical terms to the 'roots', 'trunk and branches' and 'leaves' of Hong Kong's cultural tree.

The 'roots' are examined empirically, in chapter 6, by a quantitative macro-level investigation of the 'national' cultural values of Hong Kong compared to the UK. The main purpose is to use Hofstede's (1980) study as a proxy for measuring the complex ideational cultural system or 'structure of ideas'. The limitations of using such a partial examination are recognised but the purpose is defended. The aim is to examine the validity of Hofstede's Values Survey Module (VSM)

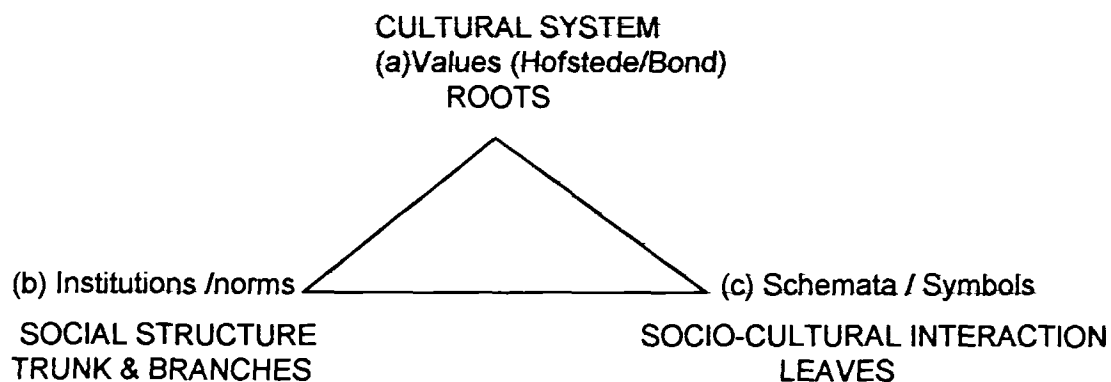
within the original sampling organisation (IBM) using matched samples in Hong Kong and the UK, as a way to cross-validate the instrument and findings of the original study.

In chapter 7, the examination of aspects of 'cultural agency', corresponding to the 'leaves' of the metaphorical cultural tree, are examined by a qualitative micro-level investigation of everyday behaviour, attitudes and perceptions of Hong Kong managers and owners. In chapter 8, the manifestations of culture investigated at different levels using different methodologies are revealed as logically consistent and the values, institutions, ideologies and everyday activities are shown to be interrelated, consistent and interdependent.

Fig. 6.1 represents a diagrammatic explanation of the proposed consistencies between:-

- a) values in Hofstede / Bond's terms as an aspect of the ideational cultural system.
- b) institutions / norms as an aspect of social structure and
- c) attitudinal schemata and symbols as an aspect of the everyday production and reproduction of meaning through communication in the micro-level activities of cultural agents.

Fig.6.1: Linkages Between Elements of Culture at Different Levels



CHAPTER 6 : HERMES REVISITED : A REPLICATION OF HOFSTEDE'S STUDY IN HONG KONG AND THE UK

6.1 INTRODUCTION : HONG KONG CULTURE WITHIN HOFSTEDE'S MODEL

As discussed in part 2, Hofstede defines culture as a type of 'mental program' which is transmitted through learning in families, schools and organisations. Mental programs are assumed to operate at individual, collective (cultural) and universal levels (Hofstede:1980:17) and enable us to predict behaviour in that we can predict how people in certain situations will behave. They are intangible constructs which are assumed to be only observable through inferences derived from observing behaviour (Hofstede:1980:14).

Hofstede refers to Boulding's (1956) 'Hierarchy of Systems' to explain the difficulty of dealing with such constructs (Hofstede:1984:14) since human organisations and society, the object of study for social scientist, are regarded as a higher level system complexity than the scientist himself or herself. As a result, Hofstede assumes that the social scientist's grasp of his object is always partial. The constructs used will be a simplification of social phenomena by employing 'models' which contain an element of subjectivity. Therefore, consensus between social scientists is more difficult than for the physical sciences in which the systems under investigation are less complex than for Man-the-social-scientist (Hofstede:1984:14). As we have seen in chapter 2 (page 96), Hofstede uses the metaphor of blind men examining an elephant as corresponding to social science and their subject to emphasise our restricted vision and the consequent need for co-operation (Hofstede:1984:15).

Hofstede thus pre-empted some of the criticism of his work by *a priori* recognising its limitations resulting from his own particular type of 'blindness' and he invites his fellow 'blind' social science colleagues to co-operate in order to pool their subjectivity in an attempt to minimise their 'visual impairment'. Hofstede states his perceptions of the limitations of his model and methodology as producing a subjective, partial and simplified representation of a complex phenomena beyond his individual vision and he invites co-operation to improve upon this restricted view. Hofstede's position is that "There is no such thing as objectivity in the study of social reality as we will always be subjective, but we may at least try to be "intersubjective, pooling and integrating a variety of subjective points of view of different observers" (Hofstede:1984:15). This appears to recognise an ontological reality and the need for positivism and nomothetic approaches whilst accepting that objectivism is an 'ideal' to which the social scientist may aspire but will never achieve. It is suggested by Hofstede that, as mental programs are intangible, this is fraught with problems as constructs are vulnerable to subjectivity and to the values of their creator and the influence of his / her own cultural background. Hofstede's underlying assumption appears to be that subjectivity is inferior to objectivity and, as such, indicates the functionalist assumptions inherent in his work.

In Hofstede's view, therefore, cross-cultural studies features the inherent problem of 'blind' researchers, with their own subjective perspective, trying to measure the subjective reality of individuals and organisations, usually in another culture. This involves the employment of models and constructs which are simplifications of realities imposed by the limits of subjectivity and reflect

the object and mental programming of the creator or user of the constructs or models (Hofstede:1984:15). According to Hofstede, to avoid research results which are meaningless except to the researcher at the time of writing, it is essential for social scientists examining culture to be eclectic in their use of research methods, to co-operate 'intersubjectively' with other researchers, and to be cognisant of their own mental programming (Hofstede:1984:15). Intersubjectivity or 'pooling' subjectivity' is an aspiration which Hofstede sees as contributing towards moving in the direction of greater objectivity but his 1980 study does not claim intersubjectivity or objectivity and Hofstede recognises that it has limitations.

In chapter 2, the principal limitation of Hofstede was identified in its employment of a narrow, uni-level, objectivist research operationalisation of culture to what is identified as a multidimensional conceptualisation. In other words, Hofstede's (1980) model as a 'theory C' analysis, constitutes a contradiction between uni-level operationalisation and a multidimensional conceptualisation. The position adopted here is that this does not detract from the profitable use of Hofstede's (1980) 4-D model as a proxy for examination of the 'roots', "cultural suprasystem" (Lessem and Neubauer:1994:9) or ideational structure of Hong Kong culture. Other criticisms of Hofstede's approach largely concern the technicalities of operationalisation. These are discussed below prior to the replication of Hofstede's (1980) 4-D study in Hong Kong and the UK.

6.11 Operational Criticisms of Hofstede's 4-D Study

Operational criticisms concern questions such as to the generalisability of Hofstede's results outside IBM, the durability of Hofstede's results over time and the consequences of Hofstede's work for organisations and individuals operating within cross-cultural environments (Smith:1996).

The generalisability of Hofstede's results outside IBM

Criticism in the form of "supportive opposition" (Hofstede:1981:63) is provided in two reviews of Hofstede's 4-D study by Leonard Goodstein (1981) and John Hunt (1981). The criticisms of Hofstede's methodology in these reviews reflect the most common objections about Hofstede's work which relate to the relevance and size of the samples.

Most concern has been expressed about the use of IBM. as the vehicle for this study which may cause "some kind of built-in bias in the original sample because all individuals are employees of a single multinational" (Goodstein:1981:51) or, on the same point, "a sample of employees from one multinational organisation inevitably raises questions when those results are generalised to entire societies" (Hunt:1981:55). The same question is raised elsewhere (Smith:1996:92) and the generalisability of Hofstede's work is one of the most frequently posited questions.

There are undoubtedly limitations to Hofstede's 4-D Study but many of the operational criticisms of the 4-D study appear unfounded. In modelling culture the result cannot "do justice to its complexity" (Hofstede:1984:15),. Hofstede

maintains that the most fallacious of these criticisms is that 4-D study concerns IBM culture rather than culture at national or macro-level. The uniformity imposed by using matched samples in IBM allows the differences within the data to be attributed to differences in culture between nations. Any vehicle such as ESSO, the U.N. or MacDonalds could be used in this way since the target of investigation are *differences* in cultures rather than absolute measures of 'culture' per se and " that these samples are atypical does not matter as long as they are atypical in the same way from one country to another" (Hofstede:1984:30).

In defending his sampling methods, Hofstede defends the use of IBM and the narrowness of his samples (Hofstede:1981:64). He emphasises that IBM was used to satisfy the principal requirement in cross-cultural surveys for functional equivalence and points out that the measures focus upon the *differences* between the samples rather than the absolute numbers. Equivalence is confirmed as a significant pre-requisite of cross-national surveys elsewhere (Singh:1995, Mullen:1995). The implication is that the differences between Hofstede's (1980) narrow, functionally equivalent samples can be assumed to reflect differences between the populations they represent. Functional equivalence rather than 'representativeness' is the crucial criteria determining the appropriateness of the sample and it does not effect the outcome if the samples is not representative of the population as long as the sample is equally unrepresentative across the countries surveyed. If representativeness is not the criteria for samples then sample sizes do not need to be very large as "The smallest sample, obviously determines the reliability of the study.

However, if a sample is really homogeneous with regard to the criteria under study, there is very little gain in reliability over an absolute sample size of 50." (Hofstede:1981:65).

A subsequent replication outside IBM by Hoppe (1993) showed results consistent with Hofstede's four dimensions (Hofstede:1991:97, Smith:1996:94); supporting the claim that Hofstede's model is generalisable outside IBM. Hofstede recognises, however, the limitations of using an IBM survey which was not originally designed for cross-cultural research (Hofstede:1991:257) and argues that a process of improvement of the VSM is possible in the light of results of replications. Hofstede provided an improved version of the VSM in 1982 which introduced new questions and eliminated some of the original questions which were not considered generalisable outside IBM. The implication for those considering replications is that it is incumbent upon them to examine whether the questions in the VSM are appropriate in order that further development towards its improved generalisability may be realised.

Hofstede recognises the narrowness of his study by making it clear that the foci are 'etic', phenomenological, collective, work-related values which therefore exclude 'emic', deontological and teleological (Lowe:1996), individual, non work-related values as well as other aspects of culture such as emotion and cognition, Art and Religion. The study emphasises culture as an entity rather than as a process, although some of the implications for processes are discussed in terms of 'culture's consequences'. The subsequent seminal status of the work seems to have attracted some unreasonable criticism attributing to

the limitations of the 4-D study. Hofstede has usually either recognised these limitations, or through delineating the scope of his study, he has consciously avoided. involving examination of certain cultural phenomena and issues.

Can nations be a proxy for culture ?

Another criticism commonly levelled at Hofstede is his use of 'nations' as representative of 'culture'. The argument against equating nation and culture is that nations vary substantially in their cultural homogeneity. For example, Japan is considered to be highly culturally homogenous in contrast to Malaysia which is culturally heterogeneous. This criticism can be levelled at nomothetic studies generally and Hofstede recognises the limitation in using countries in the original 4-D study as a *proxy* for culture. He argues that inferences of 'modal personality' are also common in anthropology and submits that it is justifiable to examine the common component of mental programmes amongst members of the same nation, using narrow matched samples taken from a multisocietal organisation, which enables functional equivalence (Hofstede:1981). Hofstede recognises that some nations are less culturally integrated than others due to multilingual or multiethnic differentiation, but despite this different sub-cultural groups still share mental programmes and have common traits which differentiate them from the populations of other countries (Hofstede:1991:19).

In Hofstede's (1980) study nations have, therefore, been used as a matter of expediency as a *proxy* for culture. Sub-cultural differences are not examined by Hofstede as this is assumed to be a completely different level of analysis to

cross-national psychology which has been termed 'ethnic psychology' by one source (Berry, J.W. et al.:1992:2). This suggests that a "compositional view" of national culture is an important foundation for a further "decompositional" differentiation based on subculture (Huo et al:1991:160).

In other words, Hofstede examines culture using nations as the most abstract and large scale 'imagined communities' in order to facilitate global comparisons, but the use of nations does not preclude or denigrate the examination, subsequently, of other group comparisons involving ethnic or other sub-cultural classifications. Examination of sub-cultural differences are important and have been conducted in one study which involved Hong Kong and other Chinese-populated regions including Taiwan and two PRC samples (Huo et al :1991). This is a cultural investigation at a different level of analysis and amounts to a contribution to understanding culture at a different level which supplements rather than competes with Hofstede's (1980) study.

The durability of Hofstede's dimensions over time

The unfolding of social change in all societies, mostly towards modernity, raises the question as to whether cultural differences identified in Hofstede's four dimensions have changed as a result (Smith:1996:93). This is reflected in concerns such as "whether the country profiles identified by Hofstede are stable" (Triandis:1982:86) and "Hofstede speculates that the individualism index for a country will increase with the wealth of that country. More evidence collected over a long period of time is needed, however, before one can draw this conclusion" (Ronen and Shenkar:1985:451).

Since the original inception of the 'convergence hypothesis' (Kerr et al.:1960) polarisation of arguments as to whether managerial values are diverging or converging may now be seen as somewhat simplistic, since national culture and business environment as opposing influences can result in convergence or divergence as well as a hybridised 'crossvergence'; an interaction creating unique value systems (Ralston et al.:1993). The implication for those considering replications is that it is incumbent upon them to examine whether cultural differences, identified by Hofstede's four dimensions, have changed and, if they have changed, to identify whether the nature of this change constitutes evidence of convergence, divergence or 'crossvergence'.

Ethnocentricity in survey design

Smith (1996) points out that the VSM was designed by Westerners within IBM for other purposes than subsequently used by Hofstede, who himself describes the process as one of "survey archaeology" (Hofstede:1991:257). Smith asks whether the formulation of the questions might have left undetected other important dimensions of cultural variation and whether Hofstede's four dimensions are the main, or only ones, upon which we should be focusing (Smith:1996:93). The development of a values survey developed by Chinese researchers and co-ordinated by Michael Bond (The Chinese Culture Connection:1987) resulted in the identification of a fifth dimension, Confucian Dynamism, peculiar to Chinese and Confucian-influenced cultures for whom Uncertainty Avoidance appears irrelevant.

This creates problems when using the VSM in replications involving such countries, since results for Uncertainty Avoidance should be regarded as unreliable. The dilemma this poses for a non-Chinese researcher is that Confucian Dynamism was developed through the design and implementation of a Chinese values survey by an entirely Chinese research group co-ordinated at 'arms length' by Michael Bond (The Chinese Culture Connection: 1987). This study largely validates all but one (Uncertainty Avoidance) of Hofstede's dimensions for Chinese populations but this means that replication of Hofstede's VSM in 'Confucian' cultures must take account of the invalidity of Uncertainty Avoidance. Incorporation of Confucian Dynamism to 'replace' Uncertainty Avoidance would require delegation to Chinese researchers by Western scholars in order to avoid Western influences on the research activity. Such delegation is not always possible, owing to resource limitations, or necessary depending upon the objectives of the research. In the empirical research conducted in this thesis, Hofstede's VSM is employed without any amendment to take account of the identification of the 'fifth' dimension of Confucian Dynamism. The justification of this is as follows:-

- a) the principal objective of using Hofstede's VSM was to validate its durability over time given that Hofstede's results are based upon data collected between 1969 and 1974. Confucian Dynamism was identified in a 1987 study and so the data is much more recent and there is less concern about its contemporary relevance to the 'structure of ideas' in Hong Kong.
- b) the author of this thesis did not have the appropriate resources in terms of being able to delegate surveys to Chinese researchers which is necessary for the employment of a Chinese value survey.

Smith (1996) cites results from his own recent survey which used the Trompenaars (1993) databank and identified two principal dimensions of variation (Utilitarian Involvement-Loyalty Involvement and Egalitarian Commitment-Conservatism). These dimensions correlate with Hofstede's Individualism-Collectivism and Power Distance (Smith:1996:95), with Egalitarian Commitment-Conservatism also correlating with Schwartz's dimension of the same name (Smith:1996:95). As a result, Smith concludes that Hofstede's Individualism-Collectivism and Power Distance continue to be the most reliably consistent variations to be found between nations in large-scale surveys of this kind. The significance of Power Distance is further confirmed by a recent study which established the association of Power Distance with the Aston Group (Pugh and Hickson:1976) organisational construct of 'concentration of authority', in a test on Hong Kong banks (Wong and Birnbaum-More:1994).

6.12 Implications for Replicating Hofstede's 4-D Study

The above discussion results in several consequences and certain requirements for the design and implementation of the replication of Hofstede's study described in the second part of this chapter. These issues and prescriptions are as follows:-

- a) the validity of the VSM as a survey instrument and the construct validity of the dimensions of Individualism-Collectivism, Power Distance and Masculinity should be examined but results for Uncertainty Avoidance should be ignored as the identification of the fifth dimension of Confucian Dynamism / LTO renders Uncertainty Avoidance irrelevant to Chinese populations.

- b) the survey must use matched samples in an organisation to allow the differences within the data to be attributed to differences in culture between nations and to avoid the accusation of the organisations culture being the focus.
- c) as the focus upon the *differences* between the samples, rather than the absolute numbers, is required at least two functionally equivalent country samples over 50 in size are necessary.
- d) it is necessary to examine whether cultural differences identified in Hofstede's 4-D study have changed and if they have changed to identify whether the nature of this change constitutes evidence of convergence, divergence or crossvergence.
- e) it is necessary to examine the questions in the VSM in terms of their ability to appropriately differentiate between the sampled cultures so that further development towards the improved generalisability of the instrument can be realised.
- f) in replicating Hofstede's study nations are used as a matter of expediency as a *proxy* for culture and so ethnic or other sub-cultural differences are not examinable using this methodology.
- g) adjustments of the individual-level responses are necessary to compensate for bias resulting from any differences in demographic attributes of the samples; namely age, sex and occupation level (Huo and Randall:1991).

6.13 Operationalising 'Mental Programmes'

As outlined in fig.2.5 in chapter 2 (page 88), Hofstede characterises culture as a type of 'mental program' at a distinctive level of uniqueness which is specific to groups and distinguishable from other mental programs such as Human Nature and Personality. Hofstede assumes that mental programs must be operationalised (Hofstede:1980:17) in order to be measured and proposes four alternative operationalisation strategies as shown in figure 2.8 (page 101).

Hofstede recognises a multidimensional conceptualisation of culture in assuming that it manifests itself at different levels. The most explicit aspects

like 'symbols', 'heroes' and 'rituals', which Hofstede collectively labels "practices" (Hofstede: 1991:9), in the 'onion diagram', are presented in fig.2.7 in chapter 2 (page 98), Hofstede's (1980) model is uni-level in terms of operationalisation as these 'practices' are not under investigation in the 4-D study, which concentrates upon work-related values which concern the 'macroscopic' region of the ideational domain, involving cultural systems integration or the structure of the logical relations of ideas at the 'roots' of the cultural tree. The 'practices', in Archer's (1996) terms, occupy the 'microscopic' region of the ideational or cultural domain involving cultural agency and socio-cultural integration. In terms of the cultural 'tree', they represent the leaves and branches of everyday cognition and behaviour of cultural actors. They are investigated subsequently by Hofstede (1991), who contentiously uses the same methodology as the 1980 study.

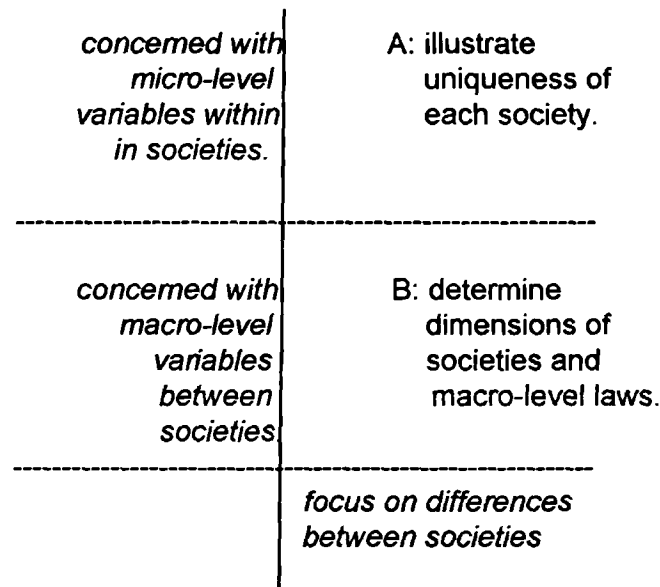
Hofstede's (1980) study is restricted to phenomenological aspects of 'values', (concerning the *desired*, preferred, wanted) former. Culture for Hofstede is conceived in structural functional terms emphasising societies as social systems in homeostatic, quasi-equilibrium with societal norms or value systems at the centre, interacting with 'ecological' origins and institutional 'consequences' (Hofstede:1984:21). As discussed in section 2.32 in chapter 2 (page 96), Hofstede justifies the restrictions of his analysis by invoking the "ecological fallacy" (Hofstede:1984:24) and claims optimisation of validity through a 'triangulation' of techniques through convergence in results from the use of Cell 1 measurement plus Cell 4 measurement. Cell 1 measurement, as a strategy for operationalising constructs about mental programmes (fig.2.8,

page 101 above), involves the employment of interviews questionnaires or projective tests and Cell 4 involves direct observation and use of available descriptive statistics.

The need for avoiding or minimising ethnocentrism (Hofstede:1980:25), are emphasised by Hofstede, along with the need for a multidisciplinary approach (Hofstede:1980:26), careful avoidance of non-equivalence error in language and translation (Hofstede:1980:27), the need to match for subculture in cross-national comparisons by using narrow matching samples to optimise functional equivalence (Hofstede:1980:29) and recognition of the synergistic value of studying modal and marginal phenomena as well as recognising the importance of both ideographic-emic and nomothetic-etic approaches in cultural research (Hofstede:1980:32). Hofstede's study subjectively presupposes a more 'etic' point of departure and seeks to identify generalisable laws "but which are at the same time least sensitive to the uniqueness of each culture"

Hofstede proposes that a focus upon similarities and differences combined with a distinction between different levels (micro and macro) of analysis provides a useful typology of research strategies as shown in fig. 2.9 (page 104) In this thesis, a combination of research strategies, as shown in fig. 6.2 (below) , has been similarly used in the empirical studies in order to link the macro-level cultural 'roots' with the micro-level cultural 'leaves' through the meso-level 'trunk and branches' of Hong Kong's family business network institutions.

Fig. 6.2: Research Strategies Employed



6.14 Hofstede's Data Collection, Treatment and Results in the Context of Hong Kong

Hofstede describes the statistical treatment of the data collected from IBM or 'Hermes', in forty countries as involving frequency distributions, correlations, and factor analyses of data across individuals; variance analysis using country, occupation, sex and age as criteria and 'ecological' correlations and factor analyses (Hofstede:1980:39). Factor analysis is the principal statistical technique employed by Hofstede and the means by which his four dimensions are derived. Hofstede describes how factor analysis was used as a means of "putting the picture together" (Hofstede:1884: 60) and notes that other methods of multivariate analysis, such as cluster analysis and smallest space analysis, were also used to support the findings from the factor analysis (Hofstede:1884:64). Hofstede does not enter into a discussion about the limitations of factor analysis. Factor analysis is a technique which condenses

the information contained in a large number of original variables into a smaller set of new composite dimensions or fundamental constructs assumed to underlie them (Hair et al:1987:235). The limitations of factor analysis include problems of determining which of the many techniques available are most suitable, problems of subjectivity in deciding how many factors to extract and which factor loadings are significant, in addition to the problem of reliability of any single analysis due to the inevitability of sample, data-gathering and measurement errors (Hair et al:1987:260). Inattention to measurement issues is regarded, by some critics of cross-cultural studies, as a principal source of error (Singh:1995, Mullen:1995).

Hofstede re-emphasises the specific problem, in the analysis of values, of avoiding the conflation of within society 'individual' and between-society 'collective' values, which he terms an 'ecological fallacy' (Hofstede:1980:23). The problem, according to Hofstede, is overcome through restricting the use of data solely to the mean of the scores of the individuals in a country sample. Hofstede's methods of data collection and treatment are discussed in further detail in the second part of this chapter, which deals with a replication of the study in Hong Kong and the UK.

Hofstede's results : Hong Kong and UK culture in comparative perspective

Hofstede characterised Hong Kong culture in his 4-D study as similar to Anglo-American culture in that it has weak Uncertainty Avoidance (or a willingness to accept ambiguity and low propensity to mitigate uncertainty through a formal, unitary and consensual structure) and moderately strong Masculinity (assertive,

competitive and materialistic). On the other dimensions, Hong Kong differs sharply from Anglo-American culture by being Collectivist (loyalty to other people in family, clan or organisation is the moral basis of culture) and large Power Distance (hierarchical inequality between dependent subordinates and powerful leading members of society) and it has a Long Term Orientation (Confucian Dynamic), which puts into question the validity of Uncertainty Avoidance for Chinese populations and see themselves more as a part or product of the environment than their Western counterpart.

As discussed in chapter 3, in a culture like Hong Kong, collectivist and traditional Confucian influences promote a self-concept which is inseparable from its relationships with others. There is no absolute 'self ', since identity is defined through the 'harmony' co-ordinating social mechanisms and ideological systems (Westwood:1992:50). This reflects collective interdependence and social control based upon 'face'; a 'social ego' more akin to feminine value-systems. Masculine values, consequently, differ in effect between the East and the West since their interaction (in the East) with Collective values and high PDI would seem to modify masculine values to a more benign form than the more interpersonally aggressive, competitive Western equivalent. This is reflected in the CVS findings suggesting values in Hong Kong "suggests 'feminine' valuing more than 'masculine'" (Bond:1987:152) when measured on a scale constructed by Chinese researchers in The Chinese Culture Connection (1987). The actual scores and rankings for Hong Kong in relation to the UK in Hofstede's 4-D study are summarised in table 6.1 (below).

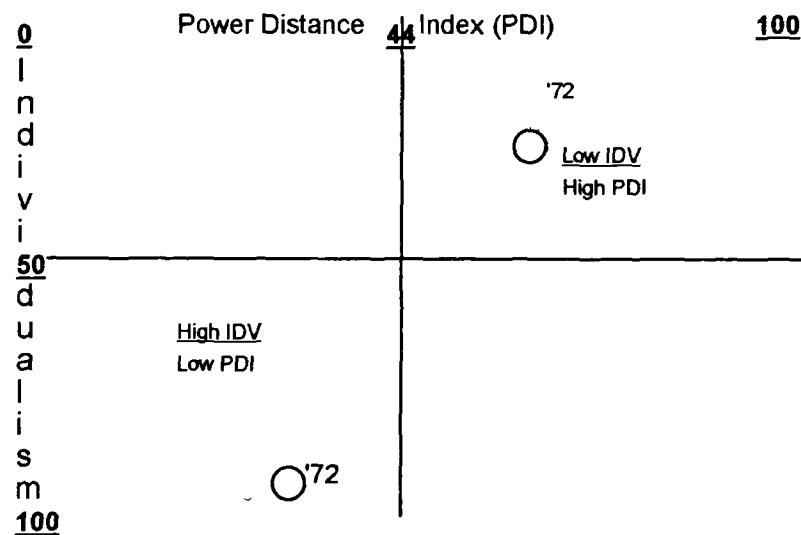
Table 6.1 Hong Kong Scores and Rankings for Five Dimensions

Power - (PDI)	Distance	Individualism - Collectivism (IDV)	Masculinity - Femininity (MAS)	Uncertainty Avoidance (UAI)	Confucian Dynamism (LTO)
1.Philippines (94)		1.USA (91)	1.Japan (95)	1.Greece(112)	1.China (118)
7.H.K. (68)		3.U.K. (89)	8.U.K.(66)	34.U.K.(35)	2.H.K. (96)
30.U.K.(35)		31.H.K (25)	16.H.K.(57)	36.H.K.(29)	18.U.K. (25)
39.Austria (11)		39.Venezuela - (12)	39.Sweden - (5)	39.Singapore(8)	23.Pakistan(00)

The rankings and the scores (in brackets) show that Hong Kong was characterised in the 1980 4-D study as a high Power Distance culture compared to the UK, which was a low Power Distance culture. The Individualism-Collectivism dimension tends to be negatively correlated with Power Distance. Hong Kong, in the 1980 4-D study, was shown to be a large 'power distant' and low 'individualist' (more collectivist) country in contrast to the UK which was low 'power distant' but highly 'individualistic'. The comparative position of the UK and Hong Kong on PDI and IDV Indices is shown in fig. 6.3 below

In terms of the Masculinity-Femininity dimension, Hong Kong and the UK show greater similarity in scores than for PDI or IDV. Both Hong Kong and the UK scored "moderately masculine" (Hofstede:1991:85) in the original 1980 4-D study with the UK showing a higher MAS score than Hong Kong.

Fig. 6.3: Position of UK and Hong Kong on PDI and IDV Indices (1972)



For Uncertainty Avoidance, as discussed earlier, the comparison between Hong Kong and the UK is more problematical. Both Hong Kong and the UK scored relatively low on UAI scores interpreted initially by Hofstede as meaning that they both seemed to have a high degree of tolerance of ambiguity and unpredictable situations. It should be re-emphasised that UAI (and therefore low UAI scores) may not be significant in Hong Kong as indicated by the construction of a values survey, by Chinese rather than Western researchers, in The Chinese Values Survey conducted by Michael Bond and The Chinese Culture Connection group (Bond :1987).

This has direct relevance to this thesis since it concerns 'Confucian Dynamism' which principally relates to the degree of long-termism inherent within a society. This dimension was named following the research results indicating that societies influenced by Confucianism (such as China, Hong Kong, Taiwan, Japan and

Korea) all share markedly high degrees of 'long-termism' relative to all other countries. Hofstede points out that the Chinese Values Survey resulted in identification of three out of four of the dimensions identified in his own 4-D study. None of the CVS factors, however, were correlated with Uncertainty Avoidance. This is explained as a fundamental difference between Western and Eastern (particularly Chinese) cultures which means that Western cultures have a fourth *emic* dimension (Uncertainty Avoidance) related to different degrees to the search for 'Truth', whereas Chinese societies are more concerned with 'Virtue'. Consequently, the initial interpretation of Uncertainty Avoidance requires revision as it is not a relevant dimension for the Chinese for whom a 'fifth dimension' is relevant (Hofstede:1991:120). This is not to say that Chinese societies do not face uncertainty and risk but to make clear that their interpretation and response to the future is intrinsically different from most of the rest of the World. A suggested implication is that this is one of the fundamental reasons for the relative success of countries in the Pacific Rim influenced by Chinese culture as " By showing the link between Confucian Dynamism and recent economic growth, the CVS research project has demonstrated the strategic advantage of cultures that can practice Virtue without a concern for Truth" (Hofstede:1991:172).

6.15 Conclusions : Justification for Using Hofstede's Model as a Measure of the 'Roots' of Hong Kong Culture

In portraying Archer's (1996) 'ideational' or cultural domain Hofstede's (1980) 4-D model may be regarded as partial and narrow. The 4-D model examines an aspect of the ideational cultural system in that it measures particular types (phenomenological, nomothetic) of 'values' which only constitutes a part of this system. Hofstede's constructs and methods also have limitations and problems which Hofstede himself also recognises. In particular, the work of Michael Bond seems to show that Uncertainty Avoidance is of dubious validity to Chinese societies.

For the purpose of this thesis, however, Hofstede's 4-D model may be regarded as a suitable instrument available for taking a measure of the ideational cultural system, particularly if the limitations identified here are consciously re-iterated. The purpose of the thesis is to identify consistencies between the roots of the 'macro-level' ideational cultural system with the 'leaves and branches' of micro-level or 'everyday' processes of socio-cultural integration between cultural agents. The proposition is that examining linkages and identification of consistencies between parts of the ideational cultural system and examples of cultural agency is the only practical method for a doctoral thesis, due to the constraints on time and resources faced by the single researcher undertaking such a venture. In this regard, Hofstede's model as the seminal study in the field is as good as any and better than most for the purposes of sampling the 'roots' of Hong Kong's 'cultural tree'. The alternatives provided by Trompenaars (1993) and Schwartz (1990) appear to correspond with Hofstede's 4-D model showing Individualism-Collectivism and

Power Distance commonly correlating with their principal dimensions of variation. Therefore, Hofstede's model is replicated in the second part of this chapter as the first empirical consequence of the theoretical framework and its metaphorical equivalent; the cultural tree.

6.2 INTRODUCTION TO REPLICATION STUDY

Hofstede's (1980) study of cross-cultural values has come to be regarded as amongst the most influential in the field (Bhagat and McQuaid:1982) and the subsequent extensive citation of the study, which involved measurement of differences in values internationally using the vehicle of IBM or 'Hermes', as well as the incidence of successful replications (Sondergaard:1994) is testimony to its seminal status. Unfortunately, this success has not been matched by increased co-operative research amongst social scientists into cultural issues through an "intersubjective" approach, which was one of Hofstede's hopes for subsequent development (Hofstede:1984:15). Hofstede's approach of comparative explanation of work-related values is categorised and labelled variously using different typologies (Ajiferuke and Boddewyn:1970, Adler:1983); thus re-emphasising that this approach is not the only perspective and only one particular type of 'blindness' afflicting social science.

6.21 Purpose of Study

Motives and prerequisites

The motive for replicating Hofstede's study is to establish a reliable perspective of the structure of ideas or 'roots' of Hong Kong culture as a basis for subsequent examination for the consistencies between these ideational roots, everyday cultural agency, the 'leaves' of Hong Kong's culture, within the context of the institutional 'trunk' of the metaphorical cultural tree.

Hofstede's is not the only perspective available for this purpose but amongst its competitors it remains the seminal study, has a history of being successfully replicated (Sondergaard:1994, Bosland:1985, Smith:1996, Cray and Mallory :1998) and the dimensions identified by Hofstede are conceptually and often statistically correlated with 'competing' constructs such as those produced by Schwartz (1990,1994) and Trompenaars (1993).

Issues and prescriptions

In examining the 'roots' of Hong Kong's cultural 'tree' the validity, durability, strengths and weaknesses of Hofstede's model as a seminal framework are at issue. The principal issues arising from the areas of contention surrounding Hofstede's approach and methodology in a Hong Kong context were detailed in the first part of this chapter. In summary, they involve issues and prescriptions involving the requirement to validate the VSM and the constructs IDV, PDI and MAS using at least two functionally equivalent country samples. It also requires examination as to: a) whether the cultural differences identified in Hofstede's original (1980) study have changed within the context of the convergency hypothesis, b) the appropriacy of the questions in the VSM for their cross - cultural sensitivity and c) an acceptance of the many assumptions (and limitations) inherent in Hofstede's approach.

In replicating Hofstede's 1980 study within IBM (the original vehicle used by Hofstede which he called 'Hermes'), the chapter attempts to address specific concerns such as "whether the country profiles identified by Hofstede are stable " (Triandis:1982: 86) and "Hofstede speculates that the individualism

index for a country will increase with the wealth of that country. More evidence collected over a long period of time is needed, however, before one can draw this conclusion" (Ronen and Shenkar:1985:451). The main purpose is to examine the validity of Hofstede's Values Survey Module (VSM) within the original sampling organisation (IBM) using matched samples in different countries as a way to cross-validate the instrument and findings of the original study, as suggested in a review of Hofstede replications (Bosland:1985:16). Such validation would justify arguments in favour of Hofstede's principal hypotheses, which are that management is 'culture-bound' and that American and Western theories of management which dominate the literature are ethnocentric and mistakenly interpreted as universally applicable.

The two countries used in this replication are Hong Kong and the UK. These were chosen to examine cultural differences between a Western industrialised nation and a rapidly newly industrialising country in the Asia Pacific. There is no suggestion, however, that these countries are statistically 'representative' of their respective regions. The structure of the chapter involves an initial review of the role of culture from different perspectives, followed by a summary of Hofstede's four dimensional (4-D) model and the addition of a fifth dimension following the contribution of The Chinese Culture Connection (1987) in identifying this 'emic' Chinese dimension. Following a discussion of Hong Kong culture, the details of the method and results of the replication are described and discussed. Finally, a summary and conclusions are drawn.

The submission for this study is that the more substantive differences between Western and Chinese culture than within the latter justifies the comparison between a Western and a Chinese society (UK and Hong Kong) as indicators of difference at a broad level of analysis. This is to support that a 'compositional view' of national culture is an important foundation for a further 'decompositional' differentiation based on subculture (Huo et al.: 1991:160) and a premature pursuit of the latter, without an established understanding of the former, is in danger of social science failing to see the 'forest' for the 'tree'.

Since the CVS research effectively identifies a flaw in the original 4-D survey in that Uncertainty Avoidance was wrongly presented as an 'etic' value dimension we unfortunately inherit that deficiency in a HERMES study replication. It is however possible to compare the results for the three Hofstede and CVS dimensions which do correlate (IDV, PDI and MAS). This disallows reliable comparability for Uncertainty Avoidance as UAI is not relevant to Chinese respondents. Equally 'Confucian Dynamism' was not recorded in the original survey and is not analysed in the replication.

Hofstede characterised Hong Kong culture in his 4-D study as similar to Anglo-American culture in that it has weak Uncertainty Avoidance (or a willingness to accept ambiguity and low propensity to mitigate uncertainty through a formal, unitary and consensual structure) and moderately strong Masculinity (assertive, competitive and materialistic). In the other dimensions, Hong Kong differs sharply from Anglo-American culture by being Collectivist (loyalty to other people in family, clan or organisation is the moral basis of culture), having large Power Distance

(hierarchical inequality between dependent subordinates and powerful leading members of society), having a Long Term Orientation (Confucian Dynamic) and seeing themselves more as a part or product of the environment than their Western counterpart.

6.22 Research Issues and Planning

Since the original inception of the convergence hypothesis (Kerr et al.:1960), polarisation of arguments as to whether managerial values are diverging or converging may now be seen as somewhat simplistic as national culture and business environment as opposing influences can result in convergence or divergence as well as 'crossvergence'; an interaction creating unique value systems. A recent study indicates evidence of convergence, divergence and crossvergence between Hong Kong, China and The USA (Ralston et al.:1993) and another finds that executives from Hong Kong were influenced by a combination of Western and Chinese cultural norms (Tse et al.:1988).

Hofstede, whilst accepting that cultures may (slowly) shift, maintains that they will shift together and their relative positions will be maintained. This view would seem to anticipate synchronous shifts and to refute the likelihood of convergence, divergence or crossvergence. This study aims therefore to determine the nature and extent of cultural change since Hofstede's original study by using his VSM (Values Survey Module) in the same organisation ('HERMES' or IBM) which was surveyed by Hofstede more than twenty years ago.

Hofstede's advice on reading mental programmes

Hofstede proposes that researcher effects in the social sciences are a universal phenomenon and "Social science research is like trying to watch a drama in which one is an actor oneself" (Hofstede:1991:248). Research is also subject to the influence of the dominant research paradigm in the discipline within which the researcher was trained, whether or not (s)he adheres to or challenges that paradigm. Before entering a research exercise involving culture, it is essential to realise and minimise, where possible, the multiplicity of subjective influences that exist.

The principal requirement in comparing national cultures when using surveys based on samples is functional equivalence in all aspects other than nationality. This, again, is why IBM or 'HERMES' was used by Hofstede originally and this logic, therefore, applies to the replication attempted here. By maintaining functional equivalence and focusing upon the relative differences in scores (rather than the absolute scores), subjective influences such as changes that IBM have experienced in the intervening period, are controlled. *The original study was ambitiously extensive in its coverage of 72 national subsidiaries using more than 116000 questionnaires and dealt mainly with employees work related values.* The differences between the national subsidiaries were treated as representative of the differences between national cultures. The results, therefore, say more about the *differences* between cultures than the cultures themselves and it is these differences that are emphasised in this replication. The main statistical technique employed by

Hofstede was factor analysis and the results were validated against independent data and other sources. The method of clustering countries in this way has also been independently validated by comparing the results of eight studies since "it appears that countries / nations can be clustered according to similarities on certain cultural dimensions" (Ronen and Shenkar:1985:452).

In order to ensure that the HERMES data (collected from individuals) was valid at national level, mean values and other measures of central tendency which aggregate individual responses were compared by Hofstede. Cautions are given against "using the country scores obtained from the research for the purpose of stereotyping". Also, "The usefulness of the country scores is not for describing individuals, but for the social systems these individuals are likely to have built" (Hofstede:1991:253). Valuable notes to those considering replications are provided (Hofstede:1991:254) in an attempt to avoid sub-standard and ill-advised, ethnocentric replications. The original questionnaire was, however, an instrument designed by Western researchers which failed to identify the importance of 'long-termism' in the 'Confucian Dynamic' Eastern mind. Consequently, this is an inherited weakness that a replication must recognise and accept. Principal pitfalls, according to Hofstede (1980), to be avoided include the 'ecological fallacy' involving simultaneous use of individual and collective data, discriminating according to other distinctions such as social class or organisation, or using loosely matched samples. Also, the absolute value of national scores is assumed to have no meaning other than to describe national *differences* and attempting to use them for other purposes is fallacious.

Hofstede's data collection and treatment

Hofstede surveyed HERMES twice between 1969 and 1972 producing a large database with answers from more than 116,000 questionnaires from 72 subsidiaries in 66 countries with the analysis confined to data from 40 countries. The questionnaire was also used outside HERMES and showed similar country differences in values. Data treatment involved using frequency distributions, correlations, factor analysis across individuals, ANOVA (using country, occupation, sex and age as criteria), and 'ecological' (societal/cultural) correlations plus ecological factor analysis to determine the dimensions of culture, labelled Power Distance (PDI), Uncertainty Avoidance (UAI), Individualism (IDV) and Masculinity (MAS). In order to be able to use the range of parametric tests adopted, the largely ordinal data was treated as quasi-interval data. The results were conceptually related to other international survey results and country level data published by other authors leading to the identification of seven variables closely related to the 4-D scores. These were wealth, economic growth, latitude, organisation size and population size, growth and density.

Through correlations between HERMES and other data, Hofstede conceptually relates the interactive effects of the four dimensions (Hofstede:1991:253) particularly :-

- a) The affect upon organisation structures, functioning and reception of theories of the interaction between PDI and UAI.
- b) The interaction of UAI and MAS is shown to relate to the different dominant motivation pattern within countries.

Hofstede is able to categorise countries into eleven cultural clusters, using a hierarchical cluster analysis (Hofstede:1984:228). In the resulting 'dendogram', Hong Kong occupies (along with Singapore, India and The Philippines) a separate category from The UK which inhabits the same cluster as U.S.A..Australia, Canada, Ireland and New Zealand.

The subsequent intention of the replication is to examine the influences of the 'root' cultural dimensions for doing business in Hong Kong or with HK Chinese companies at the level of the 'leaves' of the cultural tree. Before this comparison, it is necessary to examine whether the differences between countries identified by Hofstede are extant after more than twenty years or, if they have changed, whether the evidence suggests this is convergent, divergent or 'crossvergent' change. Hofstede compared his 1969 data with the 1972 data which showed a combined age and societal change (*Zeitgeist*) effect for PDI and UAI, indicating a decreased desire for Power Distance and increased stress component of Uncertainty Avoidance ¹ world-wide during this period. This analysis also indicated increasing Individualism and Masculinity, but little evidence of convergency, leading to a speculation that in the longer term 'individualism' will increase and the Power Distance norm will decrease as long as national wealth increases; that Uncertainty Avoidance , or at least its anxiety component, fluctuates over time with a 25 - 40 year wave length; and that Masculinity differences among countries will remain large. This influences the hypotheses to be tested here, which are:-

H¹ : *UK and Hong Kong Scores for Power Distance (PDI), Individualism-Collectivism (IDV) and Masculinity (MAS) will move in the same direction between the two sample points 1969\72 and 1993 with IDV rising ,PDI falling.*

Results demonstrating movement in the same direction support the proposition of *relative stability* in these dimensions. Thus , for example, if the PDI score for H.K. falls and PDI for The UK also falls this encourages a submission of *relative stability*.

H² : *UK and Hong Kong Scores will move between 1969\72 and 1993 at the same velocity so that the relative difference between them will remain the same.*

Results demonstrating stable relative velocity and movement in the same direction would support Hofstede's proposition of synchronous change. Thus, if PDI for HK fell by 10 points and PDI for The UK fell by 10 points also, then this would support Hofstede's proposition.

6.23 Research Implementation

Senior managers at HERMES in Hong Kong and The UK were contacted in the early part of 1993 and agreed to participate in a replication of Hofstede's 4-D study using the VSM (Values Survey Module) recommended for future cross-cultural survey studies provided by Hofstede (1980, 1984) in the appendix of "Culture's Consequences". This contains questions which proved most meaningful in 'ecological' differentiation plus new questions covering issues not contained in the original questionnaires used to collect data during 1969. Means were calculated for each variable to compare with previous scores.

6.24 Results

The scores for the four dimensions of PDI, IDV, UAI and MAS were calculated for both samples using approximation formulae produced and provided by Hofstede (1982). These scores are shown in table 6.2. The results for UAI were calculated but are not included in the hypotheses as this dimension has been shown, through the use of the Chinese Values Survey, to be irrelevant to Chinese respondents. In order to assess variables within the data, Crosstabs and Chi-squares by all VSM variables were derived for each country.

Table 6.2: Scores for Hofstede's Four Dimensions 1972 and 1993

Summary of Results of 4D Study				
	Hong Kong		UK	
	n = 88 1972	n = 139 1993	n = 6967 1972	n = 65 1993
PDI Score	68	56	35	16
*IDV Score	25	37(33)	89	87(92)
MAS Score	57	55	66	56
-----	-----	-----	-----	-----
UAI Score	29	44	35	31
*1993 scores controlled for age (unadjusted scores in brackets)				

Comments on scores

Given that the variability of the original data cannot be fully determined, the interpretation of the data should be treated with caution. The absolute scores are influenced by too many factors to be a fully reliable indicator of change, so attention should focus *solely* upon the relative scores as shown in table 6.3.

Table 6.3 : Differences in Scores (UK - HK)

PDI	1972	-33,	1993	-40
² IDV	1972	64,	1993	50
MAS	1972	9,	1993	1
<hr/>				
UAI	1972	6,	1993	-13

Generally, the changes in relative scores are modest and remarkably similar to each other confirming Hofstede's prediction that cultural change is a slow process. Indeed the results show the two countries remaining in the classifications assigned to them in the original study. The differences between the two countries remains large with Hong Kong remaining a weak UAI, large PDI, Collectivist and moderately Masculine country, just as The UK remains a weak UAI, small PDI, highly Individualist and moderately Masculine country. The PDI and MAS scores have moved in the same direction although not at exactly the same velocity. The UAI scores are moving divergently. However, the UAI scores are not included in the hypothesis as they are less relevant to Chinese respondents.

Further statistical testing of this data is considered inadvisable since the scores represent indices, *not* means, arrived at using approximation formulae (Hofstede:1982) which controls for an 'occupation' effect. Investigation is restricted to an examination of the relative scores and interpretation of their meaning without further statistical analysis. This is acceptable, as the sole focus is upon the relative *differences* in indices between two sample points rather than the absolute scores.

Power Distance

As predicted by Hofstede, the Power Distance norm has fallen as both countries have experienced economic growth. Absolute scores are lower in the 1993 replication than in the original study but, because the UK PDI score has fallen more sharply, the relative difference between scores is greater in 1993 than it was in the original study. This is indicative of 'crossvergence'. A higher level of growth in Hong Kong does not explain the different velocities since this would have resulted in Hong Kong's PDI score falling more sharply.

Individualism

A factor which needs to be accounted for here is the effect of age differences between samples, as older respondents are likely to score higher on average IDV scores on the VSM (Huo et al.:1991:171). For the results to be reliable, the samples need to be matched on age, gender, education and job type (Huo et al.:1991:160). No further detail of demographic variables is needed except to confirm matched equivalence in the samples. As the two samples are matched on all required variables other than age (see table 6.4 below, Q28-31 Chi-square statistics), adjustment was made to control for age (Huo et al.:1991:171) as it affects IDV, by using a designated regression equation.

The Hong Kong score is higher in 1993 than in the original study. A sharp rise in the HK score reduces the difference between the two countries (although the remaining difference is still substantial) and the apparent difference in velocity may be attributable to a higher economic growth rate in Hong Kong than in the

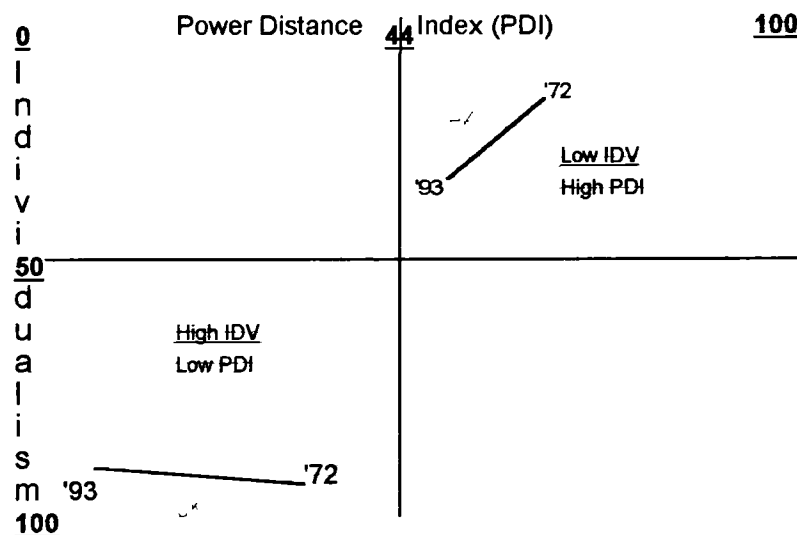
UK over the past two decades. The UK score, which is controlled for age, is actually marginally lower in 1993. This is contrary to Hofstede's predictions and the outcome seems indicative of convergence.

Masculinity

Both scores are lower in 1993 than in the original study. As both countries have experienced economic growth during this period, this is consonant with Hofstede's predictions. The difference between the UK and Hong Kong is even smaller than it was in 1972 since the UK score has dropped more sharply than Hong Kong. This is indicative of convergence. The hypothesis H^1 is proven for PDI and MAS as the scores indicate movement in the same direction for both countries in Power Distance and Masculinity. This hypothesis does not hold for Individualism-Collectivism as IDV has not increased for the UK when the IDV score is controlled for age differences between the samples. The Hypothesis H^2 is not proven as the velocity of change is not identical *although similar* for both countries in Individualism-Collectivism, Power Distance and Masculinity. In hindsight, the second hypothesis may have been too rigid as influences such as widely different rates of economic growth between the two sample countries and the effect of age differences in the two samples upon the IDV score mean that matched velocity was highly unlikely. A better solution may have been to hypothesise upon relative rather than absolute velocity. Despite these factors, the IDV, PDI and MAS differences between the countries has not changed by more than 14 points. This is an indication of relatively equivalent velocity of movement. The stability of the scores is best demonstrated

diagrammatically using IDV and PDI as shown in figure 6.4. Both hypotheses, in effect, cannot be proven, but the relationships between variables do appear to behave generally in accordance with Hofstede's expectations.

Fig. 6.4: Position of UK and HK on PDI and IDV Indices 1972 and 1993.



A chi-square test was conducted to determine the significance of each VSM question as ecological (between country) indicators. If a question proves significant it is a variable sensitive in differentiating cultural values. Table 6.4 (below) largely vindicates VSM variables as suitable 'ecological' indicators. All the principal indicators, except Q.13 and Q.27, from the original study prove significant here also. From the 'new' questions, there is an indication that Q.12, Q.15 and Q.18 may warrant inclusion as principal indicators in future studies.

Table 6.4 : Chi-Square Test (Country by all VSM Variables) ³

Question	Type	Summary of Question	Chi-Square Value	Significance Level
Q1	Original (A18)	Importance of job with sufficient personal/family time left	7.007	0.03*
Q2	Original (A5)	Importance of job with challenging tasks \ sense of accomplishment	9.927	0.006**
Q3	New Question	Importance of job with little tension and stress	16.893	0.002**
Q4	Original (A12)	Importance of job with good physical working conditions	18.271	0.003**
Q5	Original (A16)	Importance of having good working relationship with direct superior	8.079	0.017**
Q6	Original (A14)	Importance of job security	22.603	0.0001***
Q7	Original (A13)	Importance of job with considerable approach to adopt own approach	4.561	Not Significant
Q8	Original (A8)	Importance of working with people who cooperate well with one another	20.235	0.00004***
Q9	New Question	Importance of being consulted by direct superior in decisions	3.273	Not Significant
Q10	Original (C3)	Importance of making real contribution to success of organisation	3.345	Not Significant
Q11	Original (A7)	Importance of opportunity for high earnings	15.548	0.0004***
Q12	New Question	Importance of serving your country	32.459	0.0000***
Q13	Original (A6)	Importance of living in desirable area	1.601	Not Significant
Q14	Original (A19)	Importance of opportunity for advancement	10.381	0.005**
Q15	New Question	Importance of job with element of variety and adventure	14.921	0.005**
Q16	New Question	Importance of working in prestigious, successful organisation	3.391	Not Significant
Q17	New Question	Importance of job with opportunity for helping other people	6.259	Not Significant
Q18	New Question	Importance of working in well-defined job situation	31.064	0.0000***
Q19	Original (A54)	Pref working under autocrat, communicative, consulting or democratic manager	10.774	0.013**
Q20	Original (A59)	Is current manager " " " or "	7.089	Not Significant
Q21	Original (A37)	How often do you feel nervous or tense at work ?	15.516	0.001***
Q22	Original (B60)	Degree of (dis)agreement of inobservability of company rules	20.051	0.0001***
Q23	New Question	Degree of (dis) agreement of trustworthiness of most people	1.831	Not Significant
Q24	Original (C13)	Degree of (dis)agreement that quite a few employees are workshy	43.484	0.0000***
Q25	Original (C17)	Degree of (dis)agreement that large firm better than small firm to work in	12.979	0.004***
Q26	Original (B46)	Frequency of subordinates afraid to disagree with superior	48.926	0.0000***
Q27	Original (A43)	Expected time to continue working for organisation	4.222	Not Significant
Q28	Original A1	Sex	2.227	Not Significant
Q29	Original (A57)	Age	27.012	0.00002***
Q30	Original (A56)	Formal Education	1.454	Not Significant
Q31		Job Type	3.981	Not Significant
KEY				
Underlined	Original ques-			Significant at
Questions	tions asked in			*0.05 level
were principal	original study			**0.01 level
between	with corres-			***0.005 level
culture	ponding ques-			
indicators in	tion numbers			in this study
original study	in brackets			

6.3 SUMMARY AND CONCLUSIONS

This chapter examines Hofstede's 4-D model of culture as international differences in work-related values. The role of culture from Hofstede's perspective is reviewed although it is stated that this is not the only perspective as it is based upon certain assumptions which are not universally accepted. Hofstede's 'compositional' model seeks to identify 'etics' at a macro (national) level of analysis and the constructs that emerge reflect that fact.

The subsequent identification of a fifth dimension shows a weakness in the original model since the identification of a Chinese 'emic' means that the original study had a Western bias and, since Uncertainty Avoidance is not relevant to the Chinese, UAI does not qualify as an 'etic' dimension like PDI, IDV and MAS. The brief review of some of the critiques of Hofstede's study reveals some common misconceptions. The greatest of these is the view that Hofstede's model measures 'culture'. In fact Hofstede's constructs enable the measurement of 'emic' cultural *differences* which is subtly, but importantly, distinct from 'measuring culture'. Much of the criticism of Hofstede appears unreasonable as it attributes aspects to the model that Hofstede has never claimed or, in some cases, has disclaimed. Some of the criticism seems to be attributable to the seminal and 'high profile' status of the model which encourages greater attention and some of it is based on a misunderstanding of the detail. The model is, however, not perfect. Indeed, no model can be as all models are gross oversimplifications of a reality too complex for the human

mind to comprehend. In this sense, Hofstede's model is a foundation that social scientists must add to and reformulate in the light of new knowledge.

In conclusion, the results of this replication show that Hofstede's dimensions do not move synchronously. However, in keeping with Hofstede's expectations, the dimensions appear to change slowly and the substantive differences between Hong Kong and the UK remain unchanged. The results do not confirm Hofstede's specific propositions as to how these dimensions would change but, at a broad level, Hofstede's model is validated as the differences between the cultures remain relatively stable. This is more significant by the fact that this stability has been identified in this replication using the same vehicle as in Hofstede's original study; namely IBM or 'Hermes'. The main consequence is to reaffirm support for the theory that management is culture-bound rather than culture-free and to question again whether Western management theories can apply in Hong Kong or in the Asia Pacific generally. The submission is that a re-examination of this question is overdue and the hope is that it may re-appear on the agenda for discussion amongst social scientists interested in developments in the Asia Pacific.

The study largely validates Hofstede's model as a suitable framework for the examination of the cultural 'roots' of the cultural tree metaphor. However, the study shows that Hofstede focuses upon *part* of the 'roots' only, since his study concentrates upon etic, phenomenological values at the collective level of analysis. Hofstede does not examine 'emics' and in the context of Hong Kong his framework overlooks the critical Chinese emic of Confucian Dynamism.

Equally, Hofstede's framework emphasises values but does not address cognitive and emotional factors. The principal benefit afforded by this replication is to establish a relatively stable measure of *part* of the 'roots' of the ideational cultural system or the 'structure of ideas'. This may be used as a 'yardstick' against which empirical investigations of processual aspects of the 'leaves' of the cultural tree, involving micro-level activities of cultural agents, can be judged in order to identify consistencies between the different levels of culture.

NOTES

1. Hofstede used the VSM question 19 'preferred manager' for estimating Power Distance and on - the -job stress 'nervous or tense' question 21 for estimating Uncertainty Avoidance as these were shown to be more reliable indicators over time.
2. 1993 scores controlled for age.
3. original study=1969 data collection, "new questions" applied to 1972 data collection

CHAPTER 7: A MULTIPLE CASE STUDY OF CRITICAL INCIDENTS IN A NETWORK CULTURE

7.1 INTRODUCTION

In this chapter, the analysis turns to the everyday 'leaves' as well as the 'branches' of the cultural 'tree'. The 'roots' of the Hong Kong 'tree' have been described in the previous chapter as characterised by traditionalist, particularly neo-Confucian, values despite the modern appearance of the city. In chapter 5, the institutions and ideologies of Hong Kong's 'trunk and branches' are presented in a theoretical framework as dominated by institutionalised networks. The examinations of the 'leaves' of everyday attitudes and behaviour in this chapter identify an emphasis upon trust, loyalty, reciprocity, honour and reputation which is revealed as entirely consistent with these 'root' values and the 'trunk and branch' institutions and ideologies.

The influence of culture on network activity in Hong Kong requires a more complex approach than provided by positivism alone. This chapter uses case studies involving 'critical incidents' in the everyday experience of actors operating within these networks in Hong Kong. Case studies as a research tool are the most appropriate method for research involving 'how' and 'why' questions posed, when the investigator has little control over events and the phenomenon under investigation is contemporary within some real-life context (especially when the boundaries between the phenomenon and its context are not clearly evident). Cases are appropriate where the complexities involved require the full exploration of the development of operational or interaction

links between aspects of the phenomena, rather than simple analysis of frequencies or incidences (Yin:1994). Investigating 'culture' requires the consideration of an array of approaches between the 'extremes' (Morgan and Smircich:1980) of 'subjectivism' and 'objectivism' in order to resolve the problem of Nadel's Paradox which identifies that roles have both cultural and relational aspects (DiMaggio:1992).

7.2 RESEARCH ISSUES AND METHODOLOGY

In order to employ case studies as a *research strategy* it is necessary to follow a set of prespecified procedures involving research design, implementation and analysis (Yin:1994). Yin's (1994) approach to case study and his definitions have been adopted in this chapter and govern the structure of this section.

7.21 Case Study Design

Research design is the requisite logic that links the initial research question with the acquisition of data and the conclusions drawn from its analysis (Yin:1994:18). It is prudent to begin with the initial research questions derived from theory. The research questions derive from the theoretical framework developed part 2 (above). This synthesises neo-institutional theories with cultural theories in an attempt to resolve the problem of Nadel's Paradox which identifies that roles have both cultural and relational aspects (DiMaggio:1992). The questions arising characteristically involve 'how' and 'why' questions and

the approach to finding answers is best served by the use of research cases (Yin:1994:20).

The problem with the duality of roles is that the desirable integration of their two aspects is frustrated by the fact that the cultural aspects are qualitative and the structure of relations are quantitative. The paradox is that the two incompatible aspects need to be reconciled. Case studies, as a research tool, offer the most appropriate vehicle for accommodating and reconciling a mixture of qualitative and quantitative evidence (Yin:1994:14). They enable the investigator to cope with the technically distinctive situation, in which there are more variables than data points through use of multiple sources of evidence, when prior development of theoretical propositions to guide data collection and analysis is appropriate (Yin:1994:13). In other words, case studies of 'critical incidents' have been used as a form of investigation to "retain the holistic and meaningful characteristics of real-life events" (Yin:1994:3) and are justified by a 'logic of design' (Platt:1992) consistent with the circumstances and research problems inherent in the research.

Theoretical and institutional contexts

In order to resolve Nadel's paradox, DiMaggio proposes that a 'practical-actor' (DiMaggio:1992) approach be adopted which recognises that rationality, bounded rationality and non-rationality can occur simultaneously and assumes that much behaviour is conventional and practical. Relational structures are assumed to be culture-bound and interaction is moderated by culturally - embedded 'typifications' or categories (based on attributes such as ethnicity)

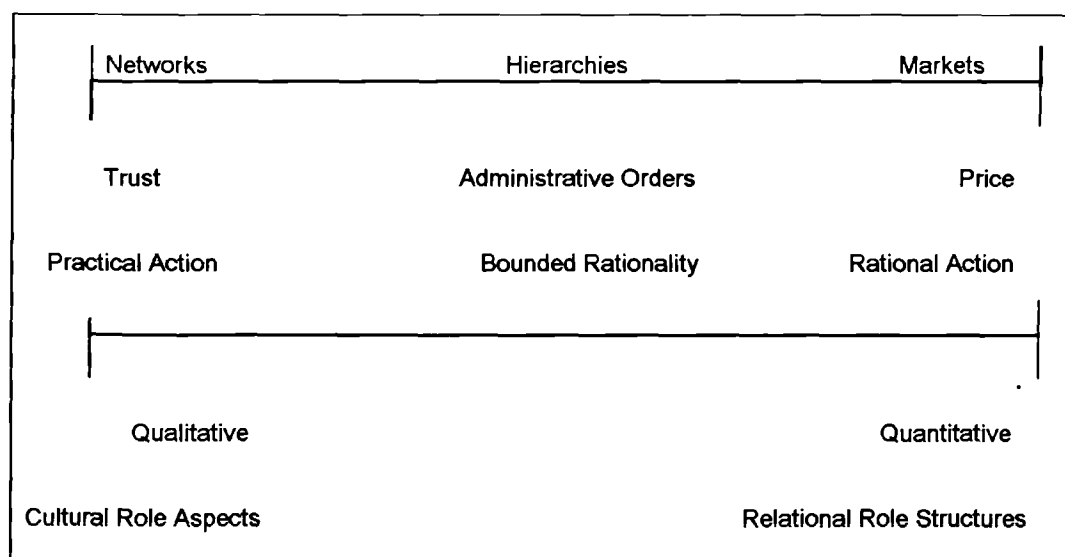
as well as culturally-embedded 'accounting systems'(based upon cognitive evaluations / attitudes). These cognitive 'mechanisms' serve to enable 'sense-making' amongst the socio-cultural actors.

Markets, Hierarchies and Networks are 'models of co-ordination' with equivalent control mechanisms of price, administrative orders and trust (Thompson et al.:1991). These models exist, along with their ideological attachments, simultaneously in all societies. The traditional privilege afforded to markets over bureaucracy and networks in *modernist / contractual* Anglo-Saxon economies is of questionable validity in the more *traditionalist / relationship* culture of Hong Kong which is governed by generic constituents of *holism* and *humanism*. These are characterised by *communal, co-operative* (Lessem and Neubauer:1994:4) or 'network' capitalism (Biggart and Hamilton:1992:472) in which the network model justifies a more privileged position in a hierarchy of perspectives. Network capitalism, therefore constitutes a distinctive way in which a culture as an adaptive, interpretive system deals with the challenge of complex environments through the absorption of complexity. Such absorption is achieved through how the world is created through the 'roots' of codification and then objectified through the 'trunk and branches' of relational complexity and the 'leaves' of abstraction and enactment. (Child and Boisot:1997).

This Chapter examines the cultural and relational aspects of roles within Hong Kong networks as well as evaluating the hierarchy of perspectives of network actors as 'themes' in terms of networks (and trust), hierarchy (and

administrative orders) and markets (and price). This can be viewed as two continua as shown in fig.7.1.

Fig.7.1: The Hierarchy of Perspectives and Related Role Aspects



The problem in investigating all aspects of these continua simultaneously is the danger of failing to examine the range of issues with *equal* emphasis. The solution has been to emphasise the factors on both sides of the continua . A conscious attempt has been made in the research to avoid the common problems in social science research of side-stepping the duality of roles and the common failure to encompass, in a synthetic approach, Markets, Hierarchies and Networks as 'models of co-ordination'. In order to achieve this ambition, it was necessary to employ a methodology which would satisfy requirements of flexibility, a subject-centred focus and an approach which was not captive of the ideological underpinnings associated with each different model of co-ordination; particularly with the 'culture-free' positivism often

inherent in purely quantitative analysis of market-based relational role structures

Research questions

The research questions for exploration concern the 'how' and 'why' of two areas of concern; namely the ideological and institutional manifestation of network, hierarchy and market 'models of co-ordination'. These are examined along with their equivalent 'control mechanisms' of price, administrative orders and trust. The emphasis is upon cultural and relational role aspects within networks in Hong Kong in the context of the 'structure of ideas', as depicted by Hofstede and Bond's (1988) five dimensions of phenomenological values.

More specifically this involves questions of :-

- i) how the control mechanism of trust within networks relates to the other mechanisms of price and administrative orders; given the expectation that network, hierarchy and market 'models of co-ordination' occur concurrently in Hong Kong.
- ii) how do cultural role aspects affect actors' behaviour in comparison to relational role aspects.
- iii) how are values of high Power Distance, Low 'Individualism', moderately high 'Masculinity' and high Confucian Dynamism / Long Term Orientation consistent or inconsistent with everyday behaviour and attitudes of actors.
- iv) why cultural differences in Hong Kong support the culture-bound hypothesis and how Western management ideas are interpreted.

7.22 Study Propositions; Case Studies of Critical Incidents

The use of cases in this study are justified by a 'logic of design' (Platt:1992) compatible with the circumstances and research problems inherent in the research. These circumstances and research problems include :-

- a) the considerable complexity of the organisational phenomenon under investigation for which the case study may be the “most appropriate” research method (Yin:1994:xv) due to its advantages in investigating such complexity.
- b) the circumstances being particularly appropriate for case study method (Yin:1994:1)of:-
 - i) ‘how’ and ‘why’ rather than ‘who’, ‘what’ and ‘where’ questions being the principal focus
 - ii) little control of investigator over events or ability to manipulate behaviour
 - iii) focus upon a holistic and meaningful aspects of a contemporary phenomenon within ‘real-life’ context where the boundaries between the phenomenon and its context are not clearly evident
- c) the requirement to employ *analytical* rather than statistical generalisation to establish external validity, based upon prior development of theoretical cultural and institutional propositions, to guide data collection and analysis (Yin:1994:13).

The requirement to optimise “reliability” (Yin:1994:37) generates a need to operationalise a thematic approach to examine business networks in Hong Kong from a cultural perspective. This requires a focusing of case analysis through an instrument and associated procedures or case “protocol” (Yin:1994:63). Critical Incident Analysis (CIA) was selected as the most appropriate method for these purposes and constitutes a form of compromise between “open-ended” and “focused” interviewing (Yin: 1994:84). CIA is a methodology which emanated from the U.S.Air Force Aviation Psychology Program during W.W.II in the search for reasons for failure in learning to fly amongst trainee pilots. The technique analysed objective ‘facts’ (rather than subjective interpretations) regarding behaviour during a critical incident evaluated in terms of the effect upon the aim of an activity (Flanagan:1954). The technique can be used with the instruments of individual interviews, group

interviews, questionnaires or recorded observations and analysis requires a process of systematic categorisation of content.

The positivist nature of this original use of CIA should not restrict the use of the technique for other purposes. For this study, subjective interpretations as well as 'facts' were the focus of analysis reflecting the purpose of encompassing subjective / qualitative factors as well as positivist / quantitative factors. These factors were interpreted in terms of effect upon the perceived aim of the business activity. Precedents exist for such a flexible use of CIA within social science research. CIA has been used more broadly to examine how organisational culture is communicated to socialise new employees (Gundry and Rousseau:1994), in determining causes of cultural conflict between ethnic groups within organisations (Driskill and Downs:1995, Weisinger and Salipante:1995) and in questions of leadership (Bolman and Deal:1991, Daniel:1992), productivity (White and Locke:1981) and business ethics (Dean:1992, Small and Cullen:1995, Vogel:1992). In Hong Kong, the role of 'face' in organisational perceptions of Chinese managers using questionnaires and content analysis of narrated face incidents has been used successfully (Redding and Ng:1982). In Britain, small firm networks have been examined from a cultural perspective using CIA to operationalise thematic approach "as a means of exposing the character and content of the linkages between small business owners and others within the social and economic community" (Curran et al.:1993:14). Similarly, in Southeast Asian Strategic Network Studies, the phenomena and contexts of Chinese business networks have been examined using embedded multiple cases (Pyatt:1995,1997).

Specific propositions

These derive from the study questions and involve the establishment of rival propositions which can be 'pattern matched' against contrasting incidents to determine which proposition appears most valid. The propositions are as follows:-

Principal proposition 1:

the control mechanism of trust within HK networks relates to the other mechanisms of price and administrative orders by being the subordinate underlying mechanism

Alternative proposition 1a:

the control mechanism of trust within HK networks relates to the other mechanisms of price and administrative orders by being the dominant underlying mechanism

Alternative proposition 1b:

the control mechanisms of trust, administrative order and price will show no pattern of dominance and will each prove equally important to actors

Principal proposition 2:

relational role aspects will be more influential upon attitudes and behaviour than cultural role aspects

Alternative proposition 2a:

cultural role aspects will be more influential upon attitudes and behaviour than relational role aspects

Alternative proposition 2b:

cultural role aspects and relational role aspects will show a pattern of equal influence

Principal proposition 3:

values of high Power Distance, Low 'Individualism', moderately high 'Masculinity' and high Confucian Dynamism / Long Term Orientation are inconsistent with everyday behaviour and attitudes of actors

Alternative proposition 3a:

values of high Power Distance, Low 'Individualism', moderately high 'Masculinity' and high Confucian Dynamism / Long Term Orientation are consistent with everyday behaviour and attitudes of actors

Unit of analysis

The unit of analysis in cases ranges from the level of an individual person to a group or society. It can focus upon events, decisions or programmes (Yin:1994:21). The unit of analysis in this study is the individual actor operating

within the business networks of Hong Kong. This follows the practise of Curran et al. (1993) and Pyatt (1997) and also reflects the self-restricting nature of network research in relationship oriented societies which means that truthful, quality and valid responses require the cultivation of a relationship of trust between the researcher and respondent, invariably as a result of being 'introduced' by a trusted third party with legitimacy, integrity and respected credentials.

Linking data to propositions and criteria for establishing study findings

Pattern matching serves to enhance the "internal validity" of the research (Yin:1994:35). Pattern matching involves relating items of information from the cases to rival theoretical positions, developed from the literature and inherent in the research questions, in order to judge from the process which proposition best accommodates the data (Yin:1994:25). The process thus involves theoretical (or 'analytical') generalisation which requires a different set of methods and procedures than statistical generalisation. This has several implications for conducting analysis and interpreting results, such as :-

- a) Cases are not 'sampling units' and should not be selected for sampling reasons (Yin:1994:31).
- b) The logic of sampling generalisation, such as prescriptions about sample size and degree of representativeness of the sample for a universe, is not appropriate when using cases for research purposes to consider analytical generalisation. In contrast to statistical generalisation, this requires a different level of inference (Yin:1994:32) and a different 'replication' logic to the sampling logic expected in surveys (Yin:1994:45). The application, therefore, of sampling logic to research cases, is "misplaced" (Yin: 1994:48).

Type of case study

Four types of case can be developed to establish analytical generalisation; namely single case (holistic) design, single case (embedded) design, multiple case (holistic) design and multiple case (embedded) design (Yin:1994:38). Each type has advantages and disadvantages and the relevance of each is contingent upon the nature of the research questions, the characteristics of the phenomenon under scrutiny and the nature of resources and access to data available. For the analysis conducted here multiple holistic cases were used as they were judged to be the most appropriate in relation to these research conditions.

Advantages and disadvantages of multiple holistic case methodology

Multiple holistic cases involve the use of several cases, each of which is considered as a holistic (and therefore not further sub-divided) analytical unit. The advantage of using multiple cases over single cases is that the evidence can be considered more compelling due to a 'replication logic' analogous to that used in multiple experiments, whereby an individual case is considered akin to a single experiment (Yin:1994:45). Using multiple cases enhances the external validity of the study over single case use (Yin: 1994:36). The research logic of case selection depends upon the value of the case to either predict similar results (literal replication), or to produce contrasting results but for predictable reasons (theoretical replication) (Yin:1994:46). The balance of literal replications as opposed to theoretical replications used normally depends on the requirement to increase certainty of results (which increases

the greater number of literal replications undertaken) and with the extent to which external conditions are thought to produce variation in the phenomenon being studied (which requires a greater number of theoretical replications to be undertaken) (Yin:1994:50). The principal disadvantages of using multiple over single cases is in the greater resources required and in their unsuitability for certain circumstances.

In using holistic cases rather than embedded cases, attention is not given to sub-units of analysis within each case and results are pooled across all cases. This is advantageous when no logical sub-units are evident and when the relevant theory underlying cases is holistic (Yin:1994:51).

Multiple holistic cases also benefit from the general advantages of research case method including:-

- i) allowing an investigation to examine contemporary events within contextual conditions using a more comprehensive source of evidence than in a conventional historical study (Yin:1994:8).
- ii) allowing an investigation to examine contemporary events within contextual conditions using a more comprehensive source of evidence than ethnographic or participant-observation studies and so not requiring expensive extended periods in the field (Yin:1994:11).

7.3 CRITICAL INCIDENTS STUDY

Data collection involved the use of interviews to record 'critical incidents' within the two years preceding the interviews. The interviews were conducted in English and the sample of 44 was drawn from a network of business contacts established by the researcher as a resident manager in Hong Kong between 1982 and 1988. The cases were somewhat self-selecting since they were the

product of the evolution of the researcher's evolving network of contacts in Hong Kong; as such, no prior specification for literal as opposed to theoretical replications was possible. The number of cases selected was not a product of a target number but an outcome of the maximum number possible within time and other resource constraints. The research logic was, therefore, influenced considerably by cultural and resource factors.

The cases should not be regarded as statistically 'representative' as the respondents were all speakers of English and acquainted with the researcher or introduced by an acquaintance of the researcher. Representativeness was not, however, the main requirement of the sampling since the main focus was on eliciting qualitative information to establish analytical rather than statistical generalisations. Obtaining qualitative data requires the presence of a reasonably high degree of trust in a society like Hong Kong where sharing sensitive information is mostly restricted to 'in-group' members since "familiarity with different types of research measure and willingness to impart valid information to strangers themselves vary with culture" (Smith:1996:93). As a result, the establishment of trust and the relevance of cases for deriving analytical generalisation are the main criteria in the selection of interviewees and, therefore, lack of 'representativeness' or an 'adequate sample size' is irrelevant.

The cases were conducted in Hong Kong during July of 1995. Each respondent was asked to describe one positive and one negative 'critical incident' in his or her business experience over the preceding two years.

Responses were further prompted by open questioning designed to elicit elaboration of the relational context of the situation, the events themselves and the respondent's interpretation of the meaning of the critical incidents. The responses were then categorised in terms of the 'themes' of networks, hierarchies and markets as well as on the basis of cultural role aspects as opposed to relational role structures.

Findings

The study reveals findings particularly relevant to the main objective of the thesis, which is to examine culture at three levels and to investigate the linkages between those levels. Firstly it is clear that networks, hierarchies and markets with their related co-ordination mechanisms of trust, administrative orders and price usually appear within reported incidents with one of the models showing primacy. This is consistent with the proposition that these models are akin to three 'torches' which we can use to shine beams of 'analytical light' upon socio-economic activity (Thompson et al:1991:17).

Table 7.1 shows a summary of the quantifiable aspects of the study. The number of reported incidents shows the highest number involved incidents in which networks were categorised as the prime form of co-ordination. It also shows 'market' incidents as a sizeable proportion but 'hierarchy' incidents as a low proportion.

Table 7.1. Summary of quantified data

	Incidents with Network primacy 27	Incidents with Hierarchy primacy 5	Incidents with Market primacy 24	Total 56
No.				
Report of new* relationship ¹	18	5	14	37
Report of positive experience ²	7	0	8	15
Average Age of Interviewee ³	37	39	52	43
Modal Education of Interviewee	Secondary\HK	Tertiary\Overseas	Tertiary\Overseas	
Average no. of employees	27	30	35	31
* reported incident relates to new relationship with the other party involved				

Principal proposition 1

The fact that the 'network' perspective is the highest frequency in the CIA supports the position that traditional privilege afforded to markets over bureaucracy and networks in *modernist / contractual* Anglo-Saxon economies is of questionable validity in the more *traditionalist / relationship* culture of Hong Kong which is characterised by 'network capitalism' (Biggart and Hamilton:1992) and where the network model justifies a more privileged (or more equal) position in a hierarchy of perspectives.

The information in table 7.1 (above) also shows a predominance of the Hong Kong incidents that concerned 'newly formed' relationships which involved perceived 'negative' experiences on the part of the interviewees. In using the technique of CIA, it seems the tendency is to emphasise certain situations, often involving 'disasters' with other parties who are 'strangers' or 'new friends'.

In terms of the 'torch' analogy (Thompson et al:1991:17) described above, therefore, it may be that CIA has the effect of focusing the 'light beams' of the models of co-ordination on certain aspects of socio-economic activity only.

Table 7.1 also indicates that the characteristics of the interviewee may have a bearing on the nature of their CIA report. Those reporting incidents categorised as primarily 'network' perspectives were on average older, educated at a lower level and not educated overseas (or exposed as much to Western culture) as their counterparts reporting primarily 'market' perspectives. This is consistent with the model proposed by Shaw proposing that cultural influences upon cognitive processing would be moderated by intervening factors such as familiarity, degree of exposure and education (Shaw:1993:297).

In terms of Proposition 1 and its alternatives, the network perspective shows the highest frequency. This appears to provide qualified support for alternative proposition 1a, as a generalisation, which was "the control mechanism of trust within HK networks relates to the other mechanisms of price and administrative orders by being the dominant underlying mechanism". The qualification required is that this dominance appears contingent upon the characteristics of the individual (particularly age and type of education) and his/her circumstances, or position with regard to 'interests' (relational / structural role).

Principal propositions 2 and 3

The overwhelming tendency was to report negative critical incidents and often to report more than one 'disaster' in business experience. Despite prompting

for positive incidents few were reported and the general consensus was that in business things seldom go spectacularly 'right' but frequently go spectacularly 'wrong'. In order to assess the essence of the accounts a selection is presented below. These accounts have been selected on the basis of their tendency to typify common issues and emphases in all the cases.

Exemplar Cases

Five cases from 44 are discussed in detail to further explore the research propositions. These five cases were selected for their capacity to exemplify common themes emerging from all cases. Two of the cases were selected from 'incidents with network primacy', One from 'incidents with hierarchy primacy' and the remaining two from 'incidents with market primacy' categories.

Incident A

Mr. E is a Managing Director of the Hong Kong subsidiary of a large British electrical engineering firm. He was educated to degree level, had spent all of his working career in HK and was due to retire the following year. Mr. E recounted an incident that had taken place the previous year when it was discovered from records that an electrical cable which had been supplied from the parent company was faulty and had been laid as an underground supply for a major company in Hong Kong.

The fault was not serious but could induce failure in electrical supply under certain circumstances. The penalties under the contract decreased year by year due to straight line depreciation but the potential disruption to the customer of total supply failure was considerable. After heated discussion within the organisation, Mr.E decided to go along to the customer and "confess" about the fault. This resulted in the customer requesting replacement of the cable which cost HK\$ 200K plus overhead costs.

The outcome, however, was an unexpected order from the customer less than 4 months later for a contract to supply equipment to the value of over HK\$ 5 Million. Mr. E considered that the act of confession had dramatically improved *shun yum* (trust) between the two parties and that whereas his

own *mien-tzu* (reputation for achievement) was temporarily damaged this was more than compensated by an increase in *lien* (reputation for integrity) and therefore the incident had given him 'face' with the customer. Mr. E was quick to emphasise that this new status was fragile and that further failures in the performance of products in the HK\$5 Million project would mean destruction of *shun yum*, *mien-tzu* and *lien* and that, as a result, he was committed to personally supervising the contract.

This in turn was producing problems internally. The senior contract engineer who normally dealt with the customer was a candidate to replace Mr.E on retirement. By taking personal control of the contract Mr.E was concerned that the senior engineer would himself be seen as losing 'face'. This was the kind of hazard that Mr. E had encountered regularly during his career and he felt that handling the potential problem in a preventative manner was crucial. This was the issue most on his mind at the moment.

Inferences

This incident typifies a network perspective 'theme' as one of 27 from the total of 56 incidents categorised as such. The perspective reveals an overriding importance of trust and loyalty between the party and customers externally and colleagues internally. The cognitive categorisation of long-term relationships as more important than short-term transactions is revealing and reflects the essence of Confucian Dynamism / Long-Term Orientation as well as underlying *Gemeinschaft* values in low Individualism/ high Power Distance culture. *Mien-tsu* is an essentially achieved quality of 'face' as opposed to *lien* which is more ascribed (Redding and Ng:1982: 206) and Mr. E's decision to risk *mien-tsu* to protect or enhance *lien* and *shun yum* makes sense in a Confucian, *Gemeinschaft* culture where identity and motivation are attributable to the group and its maintenance of a stable equilibrium and harmony in the long-term.

The incident also shows that material performance and achievement are not unimportant since they are requisite in establishing loyalty and trust. Consistently bad performance, in other words, would make the establishment of trust impossible since achieving acceptable performance promises is an important element in giving and receiving 'face' in long-term dyadic relationships.

Further prompting as to the nature of the HK\$5 Million contract revealed that, although the contract was very welcome, the price was very competitive and the profit margins on the contract were very slim. The value of the contract, therefore, was in its potential to establish a stronger relationship with the customer and the hope that more profitable, higher margin contracts might be forthcoming if Mr.E's products performed to the customer's satisfaction; enabling an enhancement of the quality of the relationship.

Mr. E was, therefore, in a weak negotiating position, because of his damaged *mien-tsu*, on this particular transaction but his focus was on the long-term implications for the relationship with his customer who would have less leverage on securing minimum price in the negotiation for the next contract as long as no further difficulties arose in the current contract. From the network perspective, therefore, other co-ordinative mechanisms (such as price in this case) often operate simultaneously with the dominant mechanism of trust. As a result networks, hierarchies and markets cannot be regarded as models operating on a mutually exclusive basis but as a hierarchy of perspectives within all societies and in all situations.

Finally, the incident reveals an association commonly found in the study between relational role structures and cultural role aspects. During the incident, the structure of roles changed in terms of the strength of the relationship through cultural role aspects. Before the incident, it can be inferred from Mr.E's testimony that the relationship was relatively weak and uncertain. During uncertain situations, DiMaggio posits that legitimacy and control are the imperatives of organising (DiMaggio:1992:124) and these are manifested by requirements testing 'credibility' and 'reliability'. In terms of 'credibility' Mr.E's company, we can assume, had the requisite resources for 'credibility' as an established company in the industry. Mr.E's company quite clearly needed to establish trust in order to pass the 'reliability' test. This involved a 'cultural matching' (DiMaggio:1992:124) process during the "confession" when attributes and cognitions between the parties were synchronised and 'reputation' and 'power' issues were resolved within the cultural context of Hong Kong.

Incident B

Stephen is the 60 year old General Manager of a company manufacturing and trading fashion garments mainly in the American market. The company was started by his father (who was still alive and "actively participating" in the business) and a partner who had died. The company was in a period of recovery after an acrimonious break up with the partner's son who had "betrayed" the trust between the two families by "double-dealing". The partner's son had traded on the company's behalf with a friend who was a representative of another trading company. Generous credit terms had been agreed with this friend despite the rumour that this party was in financial difficulty. On discovering the deal, Stephen questioned the partner's son as to the prudence of the credit terms but he claimed that his friend was solvent and invoked the responsibility of Stephen to give him 'face' in supporting his friend.

Under this obligation and on the advice of his father (who supported the venture on the basis of obligation to the memory of his partner), Stephen had agreed to the credit agreement. The partner's son's friend then reneged on the deal and emigrated and on the same day the partner's son left to join another company. This left Stephen with HK\$ 0.5 Million unsecured debt which he did not expect to recover. Stephen claimed that he had learned from "contacts" that the partner's son and his friend had secured a cash sale for the goods and presumably shared the revenue between them.

Stephen complained that this kind of betrayal of *Shun Yum* was increasingly common and attributed it to the general immorality of the younger generation and to 1997 which would destroy long-standing relationships as people were increasingly prepared to abandon their reputation for fair dealing, reciprocal trust and honouring their word (*hsin yung or xinyong*) for the seductive allure of living an "easy life in a foreign country". Stephen claimed that many of his friends had also been betrayed in this way and the effect had been for them to increasingly do business within this friendship group because "in this kind of business you do not need 'fancy' lawyers and accountants because you 'know' that your friends and relatives will honour their obligations".

Inferences

This incident typifies a network perspective 'theme' as another one of 27 from the total of 56 incidents categorised as such. The perspective also reveals an overriding importance of trust but highlights the negative aspects. Trust is fragile, vulnerable and easily broken and the more that you trust somebody the more you become exposed to betrayal.

This incident confirms that trust forms the pinnacle of co-ordination mechanisms in the cognitive categorisation of many HK Chinese network members and also reveals that trust is quite a complex, multi-faceted and often contradictory factor. The fragility of trust is confirmed by the fact that out of the 27 incidents categorised under the network 'theme', 19 were reports of

negative experiences of this sort and out of these 15 were reports of 'trust betrayal'.

Trust, loyalty, honesty as important qualities are consistent with what is known of Confucian Values. 'Trustworthiness' is a constituent element of 'Integration' and 'Protecting your Face', 'Reciprocation' and a 'Sense of Shame' are constituent elements of Confucian Dynamism (Bond and Hofstede:1990). The manifestation of these values in everyday action would appear to support the proposition that they are directly influential upon the behaviour of cultural agents, in the sense that they configure the cognitive categorisation of meaning systems through attitudes and attributes within which behaviour takes place. This also supports the argument that behaviour appears to influence attitudes, cognitive categorisation. It reinforces values as evident in the exchanging of stories and information by Stephen and his friends about the threat of 'trust betrayal'. This 'cultural' process appears to have the effect of strengthening the trust bonds amongst Stephen's most intimate personal network and heightens the value and importance of trust by the appreciation of its perceived scarcity. Trust is, therefore, confirmed as limited, bounded and highly prized (Redding:1990) and appears to be the essential currency for the co-ordination of networks (Thompson et al.:1991). The cultivation of trust, therefore, appears to be amongst the highest priorities of network actors in their everyday attitudes and behaviour at the level of the 'leaves' of Hong Kong's 'cultural tree'.

Incident C

Ricky is an M.D. of a group manufacturing electronic components, toys and computer printers. In response to a request for his recollection of the most critical incidents in his business life, Ricky responded by reporting a crisis regarding his house and the government building inspectorate.

Ricky had bought his house two years ago for HK\$ 8 Million which was paid for through the sale of his previous house for HK\$ 5 Million and a mortgage for HK\$ 3 Million. One motive for the purchase was that he was able to secure finance for his new computer printer factory in China on the grounds of personal property assets of HK\$ 8 Million.

The previous owner had built a 'conservatory' on the property which was a distinctive feature of the house, but more recently a random visit from the HK government building inspectorate resulted in the declaration of the conservatory as an 'illegal structure'. Ricky was aware at the time of purchase, from the valuer's report, that the conservatory had been built without planning permission but this was not unusual in HK as it was very unusual for the government to discover such structures.

The government were insisting that the conservatory should be knocked down. Ricky intimated that in 'the old days' there were 'ways' of getting around such problems with government officials but that since the advent of the Independent Commission Against Corruption (ICAC) it was less likely that such approaches would be welcomed. The problem facing Ricky was that the property had to be revalued as a part of his financial agreement and a reduction in value might cause problems with the bankers for the existing loan or for a further loan needed for expansion of the factory in China.

Ricky had reluctantly engaged a lawyer to appeal against the structure clearance order which he thought might stall any financial ramifications to a later date when the computer printer business would hopefully be successfully established and funds would be easy to secure.

Inferences

This incident typifies a hierarchy perspective 'theme' as one of 5 from the total of 56 incidents categorised as such. All of the 'hierarchy' incidents involved the HK Government. Only one concerned an interaction with government which

directly concerned internal organisational issues (and even this was an Inland Revenue investigation which involved organisational *and* personal tax questions). What is striking, therefore, is the scarcity of 'hierarchy' in Hong Kong and its virtual absence as a dominant perspective within or between organisations.

Ricky's company was diversified into businesses with related technologies but the company could not be classed as a bureaucracy in conforming to U-form or M-form structures. Rather, Ricky and all his managers were involved in all aspects of the businesses without clearly defined role demarcations. Hierarchy, according to this evidence thus seems rather confined to narrow contingencies in Hong Kong which more often prove to be irritants and sources of distraction from more important economic and social goals. Ricky seemed confident that there were options to overcome the problems with the house and felt that the success of the business was the best antidote. His strategy was, therefore, to concentrate his efforts on securing the latter whilst delegating the former to his lawyer. As a result, although hierarchy can be said to be the dominant co-ordination model with respect to the incident, there is no sense in which hierarchy can be seen to be the dominant model in Ricky's life. One proposition that does emerge is that cognitive categorisation is situationally contingent. In other words, there are circumstances in which networks, hierarchies and markets all assume prominence depending upon the contingent circumstances. This may well be universal but it is unlikely that the patterns of relationship between the forms of co-ordination will be identical in

all cultures. The forms of co-ordination could be seen therefore as 'etics' and their contingent structural pattern as 'emics'.

Incident D

Nancy is an Executive Director of a company headed by her elder brother manufacturing stationery and greeting cards for the US and UK markets. Nancy is in her early 30's and was educated in Hong Kong and the US to degree level and had recently completed an MBA.

Nancy had recently secured a very large American contract and was keen to articulate this experience as a critical incident. The contract was regarded as a lifeline to the company by Nancy and she attributed her success in securing the contract to 'modern' management techniques which she had introduced to the company after having completed a part-time MBA by distance learning, from an Australian university last year.

Instead of the usual practice of passive order taking from overseas buyers and Hong Kong trading companies Nancy had actively sought buyers by conducting extensive market research in the US, UK, Australia and New Zealand. From this she had concluded that price competitiveness was the essential prerequisite for all of these markets but that subsidiary requirements were different in each country, so making it difficult to standardise the marketing mix. Nancy had decided to mainly target buyers not seeking the lowest price and requiring punctual delivery and good quality standards for volume products and, secondly, to develop new high value-added products for less price sensitive niches. In the latter case, Nancy described one highly innovative development with an American direct marketing company which was seeking high quality personalised greeting cards for specific customers. Nancy had entered an agreement in which bespoke designs for each customer were transmitted via Internet to Nancy's company from the American buyer. The order was then produced and despatched directly to the customer via a bulk distributor in L A and NYC.

Nancy considered that this kind of active marketing and competitive positioning was the future and added that it was crucial to do business with Western customers in a modern way using the modern business concepts that are the *lingua franca* in their countries.

Inferences

This incident typifies a market perspective 'theme' as one of 24 from the total of 56 incidents categorised as such. The incident epitomises the emphasis put on price and 'rational' approaches to problem solving articulated by many Hong Kong managers and owners. Like Nancy, these people were more often relatively young and mostly belonged to the second generation of the founders of the business. They were also more often educated in the West or in business education in a Hong Kong university. To secure interviews with these people was usually not difficult, perhaps because their English was of a very high standard which made them more confident being interviewed by a native English speaker. As a result, it is reasonable to assume that this group is probably over represented as a whole in this study.

When prompted about the role of *Guanxi* and 'face' factors in her business activities, Nancy emphasised that these were more important when dealing with China and the PRC Chinese but maintained that with Western customers these 'traditional' factors were not of primary importance. Nancy also regarded dealings with PRC officials as important considerations and described them in a way which should be categorised as a hybrid of hierarchy and network co-ordination, as it involves combining bureaucratic order and relationship building.

Nancy complained that with Chinese officials, particularly the 'younger ones', the nature of the *Guanxi* was increasingly *yang* and less benign as it involved demands for hard currency 'gifts' and economic rather than social reciprocity.

Nancy predicted that this 'problem' would escalate after 1997 and considered it to be the greatest threat facing the prosperity of her company and Hong Kong. Nancy had an American passport and had a contingency plan to take her children back to the US 'if necessary'.

Incident E

YK is a 33 year old an Executive Director of a soap manufacturing company and the second son of the founder / owner. YK was entirely educated in England where he had completed an undergraduate degree in Engineering and Management.

YK felt that the most critical incident in the recent past was the retirement of his father from the business and the consequent transfer of control to his elder brother, himself and his sister. The new management had changed the way business was conducted so much that the "father type management" had been replaced by newer modern methods. YK claimed that his father's reliance on *Guanxi* had caused a lot of problems in the last years of his father's directorship. Many of his father's contacts had died during that period and his father tried to maintain the same kind of relationship with their heirs. This had led to problems in terms of failure to keep promises by a number of these partners who, according to YK, abused the friendship of his father and betrayed his goodwill. YK suggested that his father had dealt with honourable people in his generation but that things had changed to a point where dishonourable behaviour was the norm.

YK and his brother and sister increasingly dealt with others by contract, unlike in his 'fathers day' when everything was done on a handshake. In this, YK felt it fortunate to have his sister, who was a British-educated lawyer, on the board of directors. YK had not abandoned 'goodwill' and described two business relationships where *Guanxi* could be described as having the most influence. One of these was a strong relationship with cousins in Malaysia who sourced raw materials from that country as their father had done for YK's father traditionally and the other was a newer relationship with a mainland Chinese firm who were partners and managers in the two main factories that produced the standard product range.

Inferences

This incident typifies a market perspective 'theme' as another one of 24 from the total of 56 incidents categorised as such. The incident epitomises the emphasis put on 'modern' as opposed to 'traditional' management although it is clear that 'market' and 'network' forms of co-ordination are both present. The sense that the 'modern' was replacing the 'traditional' was articulated frequently within this category, as was the general consensus that this was, at the same time, regrettable but inevitable. The fatalism reflects a cognitive categorisation or social representation of this group as 'modern' being superior to 'traditional' and their regrets reflect a dissonance between their dual cultural influences in the East and the West. The consequence has been to promote a "crossvergence" of values, emotions and cognitions which amounts to a unique culture combining aspects of both Eastern and Western influence. This is consistent with a previous studies of managerial values which indicates evidence of convergence, divergence and crossvergence between Hong Kong, China and The USA (Ralston et al :1993) and another finding that executives from Hong Kong were influenced by a combination of Western and Chinese cultural norms (Tse D. et al.:1988).

Conclusions for principal propositions 2 and 3

In terms of Principal proposition 2 and its alternatives, pattern matching of incidents with propositions shows cultural role aspects appearing more dominant influences upon behaviour and attitudes than relational role aspects more clearly in incidents classified as 'incidents with network primacy' (exemplified by Incidents A and B). For this group, Alternative Proposition 2a

“cultural role aspects will be more influential upon attitudes and behaviour than relational role aspects” would appear to be appropriate. In the other classifications, particularly ‘incidents with market primacy’ (exemplified by Incidents C and D) the evidence is less clear and appears to show contradictions between the effect of cultural role aspects upon attitudes in contrast to behaviour. For this group, Alternative Proposition 2b “cultural role aspects and relational role aspects will show a pattern of equal influence” would appear to more appropriate as the (mostly younger, Western educated) interviewees appear to have adopted a ‘hybridised’ or ‘crossvergent’ set of behaviours and attitudes between ‘traditional’ Chinese and ‘modern’ Western influences, with a general consensus that the latter can be expected to displace the former in future. The results are, therefore, inconclusive and further studies over a period of time would be necessary to provide a more certain interpretation. The results do, however, provide valuable evidence of the processual character and changing nature of culture and its influence upon attitudes and behaviour.

In terms of Principal proposition 3, the fact that the ‘network’ perspective is the highest frequency in the CIA reflects that, in Hofstede’s (1980) terms, H.K. as a low IDV and high PDI culture is a *traditionalist / relationship* culture where trust and loyalty are privileged and *transactional / contractual* issues of the market, like price, are of secondary importance. This supports the view that the “characteristic Chinese small business in Hong Kong as elsewhere is paternalistic and personalistic, as would be expected from a high power distance and collectivistic culture drawn from the ancient traditions of the

mainland” (Hickson and Pugh:1995:171). This is evident if one compares the results of the CIA conducted here to one conducted in the UK (Curran et al.:1993) which, in sharp contrast, showed that British “ Owner-managers tend to have relatively small and non-extensive networks with little resort to expected external contacts such as accountants and bank managers. Neither do owner-managers commonly use networks based on family, kinship or social groupings for business purposes” (Curran et al.:1993:23).

In terms of Principal proposition 3 and its alternatives, pattern matching of incidents with propositions indicates support for Alternative Proposition 3a which states that “values of high Power Distance, Low ‘Individualism’, moderately high ‘Masculinity’ and high Confucian Dynamism / Long Term Orientation are consistent with everyday behaviour and attitudes of actors”. As with the previous proposition, evidence supporting Alternative Proposition 3a is less equivocal in incidents classified as ‘incidents with network primacy’ (exemplified by Incidents A and B) than in ‘incidents with market primacy’ (exemplified by Incidents C and D). However, pattern matching of incidents with Alternative Proposition 3a in all categories of incidents was realised. A summary of these pattern matches is shown in table 7.2.

Table 7.2: Pattern Matching Summary for Alternative Proposition 3a

FACTOR	EVIDENCE SUPPORTING alternative proposition 3a
High PDI	Strong evidence of <i>vertical dependence</i> relationships between superiors and subordinates characterised by a high <i>concentration of authority</i> and paternalism both within firms and between 'patrons' and 'clients' within networks. E.g.: (Incident B) Stephen's deference to his retired father in approving the ill-fated loan deal arranged by his partner.
Low IDV	Ubiquitous evidence of <i>horizontal dependence of individuals upon the group / network</i> and the maintenance of trust-based relationships. E.g.: (Incident A) The moral imperative for Mr. E to confess a fault in equipment to a customer revealing a higher priority to protect his own reputation for integrity (<i>lien</i>) within the network and his concern for the welfare of his trust (<i>shun yum</i>) relationship with the customer than any short-term consideration for immediate profit or his own reputation for achievement (<i>mien-tzu</i>).
Mod. High MAS	Prevailing attitude of <i>live in order to work and achievement defined in terms of wealth and recognition</i> although masculinity moderated by traditionalist (high PDI, low IDV) requirement of interdependent responsibilities, particularly to family or in-group. E.g.: Most incidents cases involved prior development of a relationship of trust between the interviewer and interviewee. During these 'pilot' or preliminary meetings, two of the most widely held requirements were the establishment of 1. how wealthy each party was and 2. how many hours a week each party worked and to what extent each was working sufficiently hard.
Confucian Dynamism\ High LTO	High value placed upon the long term legacy for children and grandchildren of work and persistence (a critical virtue) in pursuit of wealth. High value placed upon 'trustworthiness' as a deontological value and prevailing focus upon what works rather than what or who is 'right' E.g.: (Incident E) The imprint for YK of the long-term relationship with family partners in Malaysia as a model for the new relationship in China despite his advocacy of modern management techniques. E.g.: (Incident C) Rick's concern for the practical implications of the problem with his house for his business finances rather than legal 'right or wrong' of the problem

Patterns could also be matched for the other propositions relating to cultural values but none as comprehensively as alternative proposition 3a *in all incident categories* which leads to the submission that the latter proposition is the most appropriate match generally with the data collected.

Reflections on 'Creative Managing' in the Hong Kong businessphere

The philosophical underpinnings of the Hong Kong Chinese businessphere are not in sharp focus in this study but their influence is manifested in the critical incidents reported. This manifestation is grounded in the 'creative spirit' of Taoism, Buddhism and Confucianism, which engenders 'aesthetic', non-abstract, holistic thinking and cultivates narrative or context-based knowledge in HK business, providing for processes of elastic adaptability within a chaotic environment (Lessem and Palsule:1997).

The philosophies of Taoism, Buddhism and Confucianism along with the colonial influence of Western pragmatic rationalism appear to have cultivated vulgarised and 'modern' neo-Confucian 'values'. These involve family socialisation promoting dedication to education and self-improvement as well as seriousness about job, family and obligations. They also emphasise the importance of loyalty to the group, acceptance of hierarchy and a duty of obligation and reciprocity in conducting relationships (Westwood: 1992:47).

These philosophical sources, as benign influences of the 'ancients' with their emphasis upon morality (Rindova and Starbuck: 1997:10), also drive leadership style reflecting an emphasis upon decentralised, benign and paternalistic control. Leaders are expected to focus upon their own development of virtues as a source of 'leadership by example' and to accumulate the contingent skills of moral leadership, combining charisma with ideology, in order to maintain social harmony (Rindova and Starbuck: 1997:7)

It is difficult to distinguish Confucian from Taoist / Buddhist influence following their integration into neo-Confucianism. However, a separate interpretation is attempted here in order to facilitate a coherent discussion of the philosophical foundations for the critical incidents.

Confucian Influences

Confucianism's fundamental principle of 'harmony' appears to be the most obvious philosophical influence upon the critical incidents. The cultivation of a reputation for *Lien* (integrity), *chun-tzu* (gentlemanly reputation), *mien tzu* (reliability) are Confucian virtues found generally in the critical incidents. They appear particularly intensively in the 'network' category of incidents, such as in the case of Mr. E's confession to his customer of an undetected failure in product quality. Social harmony with its ubiquitous significance afforded to 'face' and the pervasive social implementation of the harmonic norms is also particularly apparent in these cases of critical incidents.

The achievement of structural harmony is promoted through a common leadership style reflecting an emphasis upon decentralised, benign and paternalistic control. This reflects the codification of behaviour within unequal or hierarchical relationships in the *Wu Lun*, governed by reciprocal obligations and duties involving the exchange of obedience and respect in return for care and protection. Roles are circumscribed by *Li* or rules of behaviour and reflect a patriarchal familism characterised by benevolent, autocratic leadership

through patrimonial power in families and other institutions. This is evident, for example, in Stephen's attitude and behaviour towards restricting complete trust (*shun yum*) to friends and family whose trustworthiness he is sure of. The critical incidents show that the Hong Kong businessphere is permeated by 'personalism' which requires a relationship-based approach to control of ethical behaviour involving the pervasiveness of *guanxi* and *face*.

Taoist and Buddhist influences

Along with Confucianism, Taoism and Buddhism also emphasise the importance of harmony and the avoidance of conflict as central tenets configuring appropriate behaviour. They also emanate nostalgia for the wisdom of the ancients which is regarded as lost by 'modern' man, but which still is accessible through pursuit of Virtue. As a result the harmonic co-ordination evident in most of the critical incidents is an attributable consequence of Taoism and Buddhism as much as of Confucianism.

The underlying Taoist assumption of a holistic and non-linear universe within which everything changes to change everything else in an unending circularity means that what happens is naturally derived from a "synchronicity of opposites" (Lessem and Palsule:1997:287). The whole and the parts are co-determined and neither is coherent outside their mutuality, complementarity and 'oneness'.

The holistic unfolding of pattern (*Té*) appears evident in the orientation of some people reported in of the critical incidents. For example, Rick's policy of

stalling the Hong Kong governments implementation of a structural clearance order reveals an assumption, based upon the aesthetic construction, that out of a problem there will emerge an opportunity and solution. The Taoist principals of (Wu-wei) or not forcing 'against the grain' and *hsiang sheng* or 'mutual arising' appear to be holistic, non-abstract philosophical underpinnings at work here. The irrelevance of securing an immediate solution to a problem reflects a primacy of the 'aesthetic construction' The Chinese mind does not seek an absolute and instant Truth and expects an unfolding pattern to emerge from an acceptance of non-abstract simultaneous multiple realities The characteristics of the aesthetic construction, such as effectiveness, emergence, unpredictability and wholeness, were generally evident in the critical incidents study.

Relationality, as central to holism and to the Eastern archetype and the Eastern organisation as essentially "psycho-physical" (Lessem and Palsule:1997: 52) and spontaneous, whilst being patterned through harmonic co-ordination is apparent within the critical incidents. The dynamic energy, spirit or *ch'i* from which organisation unfolds, is both psychological and physical and its creativity derives from intuition and subjective or tacit knowledge, rather than logical or rational analysis. For example, Mr. E's 'confession' was not evidently rational or logical. It was based upon intuition and upon the subjective judgement that this was a risk worth taking.

The Eastern organisation is characteristically a 'non-entity' and has been inherently *virtual* long before the concept became fashionable in the West. The organisational forms and management styles it cultivates are also substantively different from the scientific organisation traditionally adopted in the West (Lessem and Palsule:1997: 51). Aesthetic organisational forms characteristically involve diffused structures and roles with flexible goals and qualitative judgement. Aesthetic management styles are heavily dependent upon relationships and informality with 'fuzzy' accountability and authority based on trust. The implication is that the pervasiveness of Virtue which cultivates the whole, ensures the primacy of allocentrism and selflessness over ego-centrism and selfishness. This atmosphere of goodwill and cohesion in holistic organising cultivates the narrative or context-based knowledge which provides for processes of elastic adaptability within a chaotic environment. Long term failure is avoided and survival is enhanced by the transformational and self-transformational capacities of the holistic 'non-entity' form of organising (Lessem and Palsule:1997: 55) whose fundamental constituents are "irrepressibly participative and creative" (Lessem and Palsule:1997: 56). These characteristics adequately describe, in general terms, the culture of the Hong Kong businesssphere as revealed through the critical incidents study.

7.4 SUMMARY AND CONCLUSIONS

In this chapter, the influence of culture on network activity in Hong Kong is examined empirically using a combination of qualitative and quantitative data in order to resolve the problem of 'Nadel's Paradox', which identifies that roles have both cultural and relational aspects. A 'practical-actor' approach is adopted which recognises that rationality, bounded rationality and non-rationality can occur simultaneously and assumes that much behaviour is conventional and practical. Relational structures are assumed to be culture-bound and interaction is moderated by culturally-embedded 'typifications' or categories (based on attributes such as ethnicity) as well as culturally-embedded 'accounting systems' (based upon cognitive evaluations / attitudes).

Markets, Hierarchies and Networks are 'models of co-ordination' with equivalent control mechanisms of price, administrative orders and trust. These models exist along with their ideological attachments simultaneously in all societies. The traditional privilege afforded to markets over bureaucracy and networks in *modernist / contractual* Anglo-Saxon economies is of questionable validity in the more *traditionalist / relationship* culture of Hong Kong which is governed by generic constituents of *holism* and *humanism*, characterised by *communal*, *co-operative* or 'network capitalism' and where the network model justifies a more privileged position in a hierarchy of perspectives. This chapter, in addition to examining the cultural and relational aspects of roles within Hong Kong networks, evaluates the hierarchy of perspectives of network actors as

'themes' in terms of networks (and trust), hierarchy (and administrative orders) and markets (and price) using the technique of Critical Incident Analysis.

The qualitative information derived from the study generally adds support for the evidence that Hong Kong's cultural development is characterised by a hybridised 'crossvergence' rather than convergence or divergence. Values, emotions and cognitions in Hong Kong can be seen as being influenced by a complex interaction of internally generated *enculturation* and externally generated *acculturation* mainly from the West. This is entirely consistent with Berry's conceptual framework for cross-cultural psychology (Berry et al.:1992.:12).

The study demonstrates that surface level behaviours, attitudes and attributes are consistent with the deeper cultural suprasystem in the Hong Kong 'businessphere' and describes a "layered cultural reality" (Lessem and Neubauer: 1994:10) which may be likened to the metaphor of a tree. The 'leaves' representing the manager / owners behaviour and attitudes are connected to the cultural 'roots' representing Hong Kong's relatively *traditionalist \ relationship* culture, characterised by collectivistic, high power distant and neo-Confucian values, by the primacy of models and ideas of 'networks' and 'networking'. Put another way, in Archer's (1996) terms, the 'structure of ideas' in Hong Kong's ideational cultural system appears entirely consistent with the 'socio-cultural integration' evident in the interaction between cultural agents along with the structuration involved in the domain of 'interests'.

Finally the study supports the idea, applied originally to the European Community that “we shall find that the generic business orientation, both in process and structure, shifts its ‘factorial’ ground, progressively evolving from ‘firm’ part to ‘socio-economic’ whole” (Lessem and Neubauer: 1994: 8) applies equally to Hong Kong and the rest of the Asia-Pacific region where networks, not firms, are the prime force driving development. The forthcoming challenge, therefore, is to increase our understanding of the detail of interconnected attributes, frameworks and philosophies within cultures in order to enable better intra-cultural understanding and more mature inter-cultural comparisons.

NOTES

¹ A chi-square test on this variable showed no significance at the 0.05 level

² A chi-square test on this variable showed no significance at the 0.05 level

³ A large number of non-responses mean that these figures should be viewed with caution and render a chi-square test inadvisable

CHAPTER 8 : GENERAL SUMMARY AND CONCLUSIONS

8.1 GENERAL CONCLUSIONS

Achievement of objectives

This thesis as a multi-level examination of culture and organisation in Hong Kong, looks at the subject of Hong Kong culture from the cultural 'roots' to the organisation 'leaves' in the context of 'trunk and branch' institutional, ideological and philosophical frameworks. The tree metaphor is faithful to its original inception by Lessem and Neubauer (1994) which assumes an ontological status but the tree is adapted in that some its elements of are re-configured.

The principal objective of the thesis, stated in chapter 1, is *'to examine the influence of culture on Hong Kong organisation at three levels ; namely 'macro' level, 'meso' level and 'micro' level and to develop an improved understanding of the overall influence of Hong Kong culture by examining the consistencies and interconnections between these three levels'*. This objective has been achieved in that the uniqueness of Hong Kong 'values', used as a proxy to gauge the structure of ideas at the 'roots', have been identified and this characterisation has been complemented by analysis of the philosophical underpinnings of the roots. The effect of these roots upon structure, in terms of the importance of networks, has been outlined. The micro-level manifestations of these values, philosophies, institutions and ideational norms has been observed in the critical incidents study of micro-level practical interaction in which the paramount importance of trust, loyalty, reciprocity and reputation

within the *Guanxi* (relationship) culture is manifested. The values, philosophies, institutions, ideologies and everyday practices are seen as interconnected and co-determined in the same way as the roots, trunk, branches and leaves of a tree are organically connected. In this way, the multidimensional conceptualisation is matched with a multi-level research operationalisation. Such a matching is not evident elsewhere and the approach, therefore, enables the thesis to provide a unique contribution to knowledge.

The deficiency in cultural analyses within social science is that little attempt has previously been made to synthesise the various 'subjective' approaches into a more 'intersubjective' whole. This thesis further contributes to knowledge by providing a remedy for that deficiency in the context of Hong Kong. The thesis describes the Hong Kong 'cultural tree' and some of the connections between its components through the identification of consistencies between the different studies at the levels of roots, trunk and branches, and leaves. In doing so successfully, this serves to validate both Lessem and Neubauer's (1994) metaphorical tree and its equivalent at the top of the 'hierarchy of complexity' within general theory; Archer's morphogenic systems approach.

The proposition is that a multi-level investigation, using different techniques for each level as required, is the most appropriate approach to examining the complexities of culture. It represents progress towards enhancing understanding through the synthesis of approaches at different levels and from the 'intellectual synergy' possible as a result of employing a more holistic approach. The inferences arising from this multi-level analysis demonstrate a

logical consistency between the different levels of culture and provide a contribution to understanding the *gestalt* of cultural influences on Hong Kong organisation.

Theoretical validation of Archer's morphogenic systems model and of the cultural 'tree' metaphor

Culture, in this thesis, is conceived of as a 'problem within a problem'. The immediate problem is in equating macro-level structural elements of culture, involving the 'structure of ideas' at the metaphorical 'roots' of culture, with micro-level activities of cultural agents, involving socio-cultural integration (Archer:1996) at the top of the 'cultural tree.

This is problematical in many ways but the principal problem is that a multidimensional cultural conceptualisation requires matching with a multi-level research operationalisation. If the 'organic connections' between the levels are to be examined. The position adopted here is that no single paradigm can adequately cope with the methodological and epistemological diversity that this implies, which means abandonment of the dictum of paradigm incommensurability and the adoption of the metatheoretical assumption of 'paradigm crossing'.

Conclusions about the ideational structures at the 'roots' of Hong Kong culture

The 'roots' are examined using Hofstede's (1980) seminal 4-D study, which is replicated in Hong Kong and the UK, to determine its contemporary validity. The 'roots' are constituted by Art and Religion as sources of cultural inspiration and a basis for ideas and philosophies underpinning knowledge and

philosophy in Lessem and Neubauer's (1994) model. Hofstede's model is adopted in this thesis, along with its limitations, as an appropriate perspective available for characterising the 'root' values of Hong Kong culture. 'Values' are assumed to be the *implicit* equivalent of the *explicit* ideational foundations of Art and Religion and the examination of values as 'roots' constitutes an evidential equivalent to the holistic metaphor of the roots of a tree. The submission is that this approach is mutually supportive and a valid equivalent investigation of the 'roots' of culture which, therefore, complements rather than compromises the tree metaphor by enabling its theoretical validation.

The value system of Hong Kong is used, in Archer's (1996) terms, as a vehicle to gauge the macro-level 'structure of ideas' for subsequent identification of consistencies between this structure and the micro-level processes of socio-cultural integration amongst agents. The replication of Hofstede's (1980) study provides a perspective on aspects of the macro-level structural elements of culture, involving the 'structure of ideas' specific to Hong Kong.

The results of the replication show relative stability in phenomenological 'etic' value dimensions, as defined by Hofstede (1980), and confirm a distinctive 'root' system of values in Hong Kong which is manifestly different to Western value-systems. The values appear to be consistent with the neo-Confucian (Taoist, Buddhist and Confucian) philosophical underpinnings of Chinese culture. At the ideational structural 'roots' level, Hong Kong is characterised as collectivist, high power distant, retaining *Gemeinschaft* characteristics and neo-Confucian influences despite its outward modern appearance. The 'structure of

ideas' within Hong Kong can be contrasted, for example, with its equivalent in the UK as demonstrated in table 8.1.

Table 8.1 Differences in aspects of the 'structure of ideas' between the UK and H.K.

UK	H.K.
CONTRACTUAL EMPLOYMENT RELATIONSHIP	MORAL AND 'ORDERED' RELATIONSHIP OF PATERNALISTIC EMPLOYMENT
INDIVIDUAL ACHIEVEMENT	GROUP ACHIEVEMENT
'MODERN' GESELLSCHAFT	HYBRID OF 'TRADITIONAL' GEMEINSCHAFT AND 'MODERN' GESELLSCHAFT
UNIVERSALIST low context	PARTICULARIST high context
INNER DIRECTED 'guilt control'	OUTER DIRECTED 'shame'/ face control
COMPETITIVE	CO-OPERATIVE 'Jen'/'human hearted'
EFFICIENCY	EFFECTIVENESS
RATIONAL/ analytical thinking	INTUITIVE/ synthetic thinking and 'holistic'
PRAGMATIC search for TRUTH	PRAGMATIC AND PERSISTENT search for VIRTUE

The philosophical underpinnings of religion and art appears to influence the Hong Kong value system particularly through Bond and Hofstede's (1990) dimension of Confucian Dynamism or 'Long Term Orientation'. In its emphasis upon 'Virtue', rather than the equivalent focus in Uncertainty Avoidance upon 'Truth' the unique spiritual and philosophical influence upon the ideational roots of Confucianism and Taoism is exposed. Virtue rather than Truth is the source of cultural inspiration and the basis for ideas and philosophies underpinning knowledge in Hong Kong culture. Virtue reflects generic Chinese

philosophies, images and ideas which emphasise humanism, synchronicity and balance, along with stress upon a complex interrelationship between moral virtue and duty (Hansen:1996, Lowe:1996). Virtue manifests itself at other levels as generic business orientations in terms of a ubiquitous emphasis upon trust, reciprocity and loyalty as means of maintaining long term relationships to optimise social capital.

Conclusions about micro-level activities of cultural agents, involving socio-cultural integration at the 'trunk and branches' of Hong Kong culture

At the 'trunk and branch' level, the phlegmatic traditionalism of the 'root' values influences differences, in structures and co-operative ideologies, from those found in the West. This institutional and ideological environment makes Western theories of management and economics based upon the assumptions of individualism, rational utility maximisation and normative competition highly questionable in the context of Hong Kong.

The 'trunk and branches' of Hong Kong's institutions and ideologies are examined, in this thesis, mainly through deductive reasoning and theoretical model-building. The institutional consequences of Hong Kong's distinctive value-system are discussed with particular emphasis on the structural implication that these values favour 'networks' as the normative structure. This is investigated further by the development of a theoretical framework which describes how the values, institutionalised networks and psychological / behavioural outcomes are theoretically consistent and interconnected.

Conclusions at the 'leaves' of Hong Kong culture

The practical and everyday consequences of the 'leaves' of everyday activity, involving socio-cultural integration of cultural agents, are examined empirically using case research methodology. The result is to confirm the significance of trust, loyalty, reciprocity, honour and integrity in maintaining *Guanxi* (long-term relationships) which enable maintenance of long-term bonds between actors who achieve durable mutual benefits from it despite experiencing many relationships that do not mature in this way. The 'leaves' of everyday attitudes and behaviour are shown to be consistent within the 'trunk and branch' structure of a networked society and influenced by the 'roots' of collective, co-operative, traditional and neo-Confucian values.

Conclusions for Hong Kong's 'cultural tree' as a 'whole'

The manifestations of culture at different levels are, therefore, observed as logically consistent and 'organically connected', and the values, philosophies, institutions, ideologies and everyday activities are shown to be interrelated and interdependent. Understanding of the influence of culture on organisation in Hong Kong is enhanced by this multi-level approach to research operationalisation which emerges from a multidimensional conceptualisation of culture.

This thesis represents progress in synthesising approaches between the different levels to benefit from the 'intellectual synergy' possible from a more holistic approach. The outcome is to validate Archer's (1996) approach to

'culture and agency' and the metaphorical equivalent of the 'cultural tree'
(Lessem and Neubauer's :1994, Lessem:1989, 1990).

8.1 GENERAL SUMMARY

Part 1

Burrell and Morgan's (1979) 'functionalist' and 'interpretivist' paradigms provide a foundation for mapping the literature in order to establish a 'hierarchy of complexity'. This typology also distinguishes multi-dimensional conceptualisation and multi-level research operationalisation from other, less relevant approaches and involves six categories which are used to critically evaluate the literature at two levels. In Chapter 2 it is employed at the level of general theory, encompassing contributions from Sociology, Social Psychology and Cultural Anthropology. This literature provides a foundation and a background for examining the more specific literature relating to culture and organising, particularly with reference to Hong Kong and other Overseas Chinese cultures in Chapter 3. At both levels of analysis, emergent multi-dimensional theoretical conceptualisations are realised, establishing the heritage of a multi-level and multidimensional approach to cultural study.

Archer's (1996) model and Lessem and Neubauer's (1994) 'cultural tree', as the most accomplished complex, multi-dimensional conceptualisations with multi-level operationalisation research agendas, are identified as topping their respective hierarchies of complexity. For these theories, the complementarity between functionalism and interpretivism, and between 'holistic' and 'reductionist' approaches, is evident as they occupy the transition zone between paradigms. The argument for the synthesis of the two paradigms and for the rejection of the dictum of paradigm incommensurability (Burrell and

Morgan:1979), is forwarded. However, it is recognised that research operationalisation is not as developed as conceptualisation for these theories which, consequently, require further theoretical validification through empirical research. This leads to the identification of the need to develop such a research operationalisation which can do justice to such multidimensional conceptualisations.

Part 2

Towards this end a theoretical framework is developed in part 2 which borrows eclectically from within the theories discussed in part 1. The theoretical framework is constructed constituted by combinations of models from formal market and hierarchy perspectives and informal network perspective. This enables sufficient complexity to identify cultural influences and reflects a general submission that only complex models contain the multiple social, political, economic and other influences inherent in cultural investigation. The theoretical framework is discussed with specific reference to Hong Kong and equated with the elements of the cultural tree. Of particular importance is the significance of 'network' institutions as the 'trunk and branches' that link the roots and the leaves. Hong Kong's 'trunk and branches' are shown to be logically consistent with their 'roots' and substantively different from their Western equivalents

Simpler models, based upon assumptions of the market and the 'strategy management doctrine', are shown as culture-bound within Anglo-Saxon ethnocentrism and of little validity in the Hong Kong context. If integrated and

synthesised with more complex models, it is suggested, these simple models may assume greater validity. The methodological problems and research issues associated with this desirable synthesis are discussed and the implications are outlined for the promotion of intercultural and interdisciplinary approaches amongst social scientists interested in Hong Kong and other 'Confucian Dynamic' economies.

Part 3

Part 3 concerns the empirical research conducted to operationalise the theoretical framework, developed in part 2, as a result of identifying the need to synthesise the examination of culture in Hong Kong at multiple levels. In Burrell and Morgan's terms these empirical studies may be regarded as occupying the transition zone between the functionalist and interpretivist paradigms as they are rational methods of engaging with the subject which are also sensitive to the subjective meaning of observed participants.

Part 3, replicates Hofstede's 4-D study of culture of international differences in work-related values. The role of culture from Hofstede's perspective is reviewed and it is made clear that this is not the only perspective as it is based upon certain assumptions which are not universally accepted. Hofstede's 'compositional' model seeks to identify 'etics' at a macro (national) level of analysis which is restricted to *phenomenological* values and the constructs that emerge reflect that fact.

The subsequent identification of a fifth dimension shows a weakness in the original model since the identification of a Chinese 'emic' means that the original study had a Western bias and, because Uncertainty Avoidance is not relevant to the Chinese, UAI does not qualify as an 'etic' dimension like PDI, IDV and MAS.

The results of this replication show that Hofstede's dimensions do not move synchronously. However, in keeping with Hofstede's expectations, the dimensions appear to change slowly and the substantive differences between Hong Kong and the U.K. remain unchanged. The results do not confirm Hofstede's specific propositions as to how these dimensions would change but, at a broad level, Hofstede's model is validated as the differences between the cultures remain relatively stable. This is more significant by the fact that this stability has been identified in this replication using the same vehicle as in Hofstede's original study; namely IBM or 'Hermes'. A main consequence is to reaffirm support for the theory that management is culture-bound rather than culture-free and to question whether Western management theories can apply in Hong Kong or in the Asia Pacific generally. The main value of the replication is to provide a reliable measure of an aspect of the ideational cultural system (Archer:1996) or some of the cultural 'roots' of Hong Kong as a basis for establishing consistencies, in addition to observations of the everyday enactment process of interacting cultural agents, or the 'leaves' of the 'cultural tree'.

The 'leaves' and 'branches' of Hong Kong organisation are examined in chapter 7 which focuses on everyday aspects of cultural interaction for Hong Kong managers and owners. The influence of culture on network activity in Hong Kong is examined empirically using a combination of qualitative and quantitative data in order to resolve the problem of 'Nadel's Paradox' which identifies that roles have both cultural and relational aspects. A 'practical-actor' approach is adopted which recognises that rationality, bounded rationality and non-rationality can occur simultaneously and assumes that much behaviour is conventional and practical. Relational structures are assumed culture-bound and interaction is moderated by culturally-embedded 'typifications', or categories (based on attributes such as ethnicity), as well as culturally-embedded 'accounting systems' (based upon cognitive evaluations / attitudes).

Chapter 7 also examines the cultural and relational aspects of roles within Hong Kong networks as well as evaluating the hierarchy of perspectives of network actors as 'themes' in terms of networks (and trust), hierarchy (and administrative orders) and markets (and price). The results support the argument that the traditional privilege afforded to markets over bureaucracy and networks in *modernist / contractual* Anglo-Saxon economies is of questionable validity in the more *traditionalist / relationship* culture of Hong Kong, which is governed by generic constituents of *holism* and *humanism*, characterised by *communal*, *co-operative* or "network capitalism" and where the network model justifies a more privileged position in a hierarchy of perspectives. This lends credence to the parallel proposition that 'management' in Hong Kong is more 'developmental' and 'metaphysical' than

its competing solutions in the West which are either 'primal' or 'rational' (Lessem:1989).

Chapter 8 is the final chapter in which the main points of the thesis are summarised and conclusions are drawn. The purpose is to emphasise that cultural influence at all levels of Hong Kong's cultural tree are 'organically' interconnected since the leaves, trunk, branches and roots are all constituted of the same 'DNA'. A final conclusion is that the multi-level approach adopted here as a holistic investigation of cultural influences on organisation in Hong Kong is valid since it enhances our understanding of culture as a pervasive influence forming one of the most economically vibrant cities in the World. The approach has shown logical consistencies between the different levels of analysis and has demonstrated the possibility of synthesising methods from different social science disciplines towards a clearer view of the metaphorical cultural 'tree' which is enabled only from an interdisciplinary approach. The outcome is to provide *analytical* generalisation to validate Archer's (1996) approach to 'culture and agency' and Lessem and Neubauer's (1994) metaphorical equivalent of the 'cultural tree' by establishing the 'organic connections' between generic Chinese philosophies and generic Chinese business network orientations

Summary of the argument

The argument presented in this thesis may be summarised as follows: The collective mental programs of the Hong Kong Chinese are uniquely different. They can be characterised as reflecting a combination of core tradition and

surface modernity. Their values as described by Hofstede and Bond (1988) are Collective, High Power Distant, benign Masculinity and Confucian Dynamic. These dimensions interact to create a unique cultural combination and Confucian Dynamism as a Chinese 'emic' engenders a long-term orientation and pragmatic synthesis which is particularly beneficial to economic development within the social, political, historical and institutional context of Hong Kong. The value systems of Hong Kong are also described by Schwartz and some commonalities with Hofstede and Bond are apparent. In Schwartz's terms Hong Kong is 'conservative' with prioritisation of sociocentric over egocentric motivation, which means that the ego is defined in reference to the group. Hong Kong culture maintains and accommodates value tensions between 'self transcendence' or allocentric values and 'self-enhancing' or egocentric values and so prosocial action is inherent as well as socialised in what can be categorised as essentially *traditionalist / relationship* culture. The influence of these values upon ideologies and network institutions can be inferred although it must be remembered that ideologies and institutions also contribute to sustaining the value systems as much as the values influence the ideologies and institutions.

Institutional and ideological systems are classifiable into three archetypes: namely markets, hierarchies and networks. The mental programs in Hong Kong society coincide with an apparent emphasis upon the institutions of the family and clan organised into *traditionalist / relationship* networks. The ideologies that operate reflect this co-operative and cohesive system. *Guanxi*, 'connections' or 'relationship' is the principle co-ordinative form governed by

underlying Confucian, Taoist and Buddhist philosophy with the emphasis upon ordered relationships and a metaphysical unity which manifests itself in a 'duality' of everything which is experienced but tacit and indescribable (Taoists do not 'talk' about the *ying* and *yang* but they do use the Taoist symbol as a form of high-context communication).

The influences of mental programs and ideologies / institutions upon norms of conduct are also describable but, again, each element is interdetermined rather than 'cause' and effect'. The norms of conduct manifest themselves both symbolically and as psychological schemata. The essence is an emphasis upon typifications, representations, 'accounting systems' etc. which order the world in compliance with a *traditionalist / relationship* basis which values trust, loyalty, co-operation, reputation / *face*. The symbolic manifestation of this includes gift-giving according to convention, conventions in giving business cards, rituals surrounding sharing food, status-establishment according to wealth, stories/myths about spectacularly wealthy, successful (but humble) business 'heroes'. These norms are evident and observable in everyday behaviour of Hong Kongers through their words and deeds.

Implications for Future Research

The depiction of Hong Kong's cultural tree is coherent but *partial* due to the severe resource limitations, in terms of time, money and *Guanxi* connections of the observer. A more complete depiction of the tree entails substantially more research which requires academic co-operation of an interdisciplinary and

intercultural nature. Research in the short and medium term which would complement the analysis conducted in this thesis includes:-

- i) a complementary examination of the explicit aspects of the 'roots'. The influence of Confucianism upon the rest of Hong Kong's cultural 'tree' appears to be prominent in the literature but other 'root' influences, such as Chinese Art , Buddhist and Taoist Religion, are influences which require immediate further examination.
- ii) a more positivistic empirical study of networks, markets and hierarchies. Such a study should employ a large-scale survey to investigate the hypothesis that networks are the principal 'model' of co-ordination in Hong Kong. This would be best achieved in an empirical comparative study involving Hong Kong and a Western country using indigenous researchers to construct the questionnaire and conduct the survey.
- iii) At the level of the 'leaves' of the cultural tree there is a need for an examination of the discourse of everyday business experience. For example, the role of metaphors within Chinese business networks as configuring 'reality' for socio-cultural actors would help to understand their 'life world' on their own subjective terms.

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